Report

On "Colmate di Monte" and

other reports.

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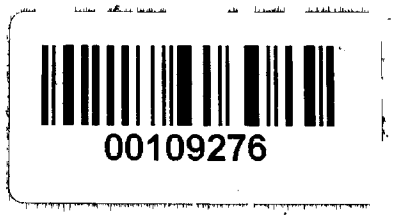
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Report on the "Colmate Di Monte" of Italy, by Mr. F. Clayton, Executive Engineer.

1. In Italy it has long been recognised that the direct action of rainfall on hillsides deprived of forest or other vegetable growth is of a most injurious nature. The good soil on top is washed down into the valleys and so into the streams, and by them is carried away to the sea and lost to cultivation, while at the same time the drainage on the hillsides tends to form ravines and landslips and so to cut up and destroy much land that could otherwise be put to a profitable use. Owing to there being no cheap coal for general use in Italy the forests have mostly been gradually destroyed and the condition of many properties in the hills—and Italy consists chiefly of more or less hilly country—has in the past gone from bad to worse. The evil was recognised, but for long no remedy was found except in the expensive process of terracing by hand labour, which indeed saved for cultivation the land that was left, but did not improve the conditions of land which had already become cut up by ravines or denuded of the best part of the soil.

2. There being as a rule no subsoil drainage, the only way in which the fields were, and still are, drained is by a series of deep furrows at intervals leading to a ditch at the end of the field, and so into a line of drainage and the nearest stream. In flat country this system acts well, though subsoil drainage is much more productive and enables the crops better to withstand a prolonged drought. In hilly country, however, the practice in the past has nearly always been to plough up and down hill along the line of greatest slope, by which method much soil is washed down the furrows and carried away to the foot of the hill. Where, owing to the steepness of the slope, this action became most marked and the fields began to deteriorate to a serious extent in consequence, a cross drain was made at intervals with the plough so as to divide the slope into sections, and to some extent do away with cumulative action of the drainage off the field.

3. The first attempts at rectifying this system were by making a series of transverse drains approximately following a contour line. In the early attempts however these were made to follow all the windings of the hillside, making cultivation difficult from the irregularity of the fields, and aggravating rather than improving the conditions in the depressions by the increased amount of water thrown into them. In the early part of the 19th century, however, a better system was devised by which the following changes were made (I omit for the present the bigger work of filling up the larger ravines).

(*a*) Instead of ploughing up and down hill the fields were to be ploughed along contour lines. This prevents most of the wash-down off the field surface.

(*b*) The depressions and ravines were banked below the junctions of the contour drains. This prevents the wastage from the action of drainage in the depressions by reducing its silt-carrying capacity and stops its destructive action in the formation of ravines.

(*c*) Part of the drainage water was passed from one contour drain to another along the spurs, by which means the prominence of the spurs was reduced by scour and the depressions filled up behind the banks by the deposit of the silt so obtained.

By these means the irregularity of the hillside can be reduced and the cultivation of the slopes between the contour drains made much easier. I would note that the contour drains are rarely further apart than will give a difference of level of 12 to 15 feet.

4. When the minor depressions have been fairly well filled up they are cultivated and the land is then considered to be systematized, though the filling

process still continues to a small extent in the hollows. In this condition the hill-side consists of a series of slopes divided transversely by ditches running nearly on contour lines (they usually have a slope of $\frac{2}{100}$). Water is passed from one contour drain to the next by a small drain at the end of the field which descends in a series of turfed steps, or by an oblique drain crossing the intermediate slope at an angle so as to reduce the gradient. Having reached the second contour drain the water flows along to the other end of the field, where it is again carried down. By this means as long a course as possible is provided for the drainage and the velocity with which it leaves the hillside is greatly reduced, while any soil brought down is deposited along the contour drains. At Meleto where this system was first invented and in several other estates I visited there are no masonry works whatever used. This of course would be impossible in India with its far greater intensity of rainfall.

5. So far the work described is almost entirely systematising the drainage on the hill side, and in some cases this has been found to be all that is necessary to enable land owners to utilize land, before almost unculturable, and in every case has added largely to the productiveness of the land. When systematised, the remaining work is carried out very gradually; the drains are cleared once a year and the silt deposit in them is thrown out on the downhill side, and ploughed in. The ploughing is done in such a way as to gradually work the soil down towards the lower side of the strip, so that in the course of years the slopes intermediate between the contour drains are formed into terraces with a slightly sloping top. The final object is to attain by these simple means a series of terraces with the surface slope slightly towards the hill. I give in Figs. 1 to 5 some illustrations taken from a hand-book on the subject by Dr. M. Conti, which show well how the final object is gained by means of systematization of the drainage.

6. The above is the main object aimed at on most of the estates I visited. There remain two questions which are most important with reference to the adaptation of Italian methods to Indian conditions, *viz.* the filling up of the larger ravines and the prevention of landslips and of the formation of ravines. Of the former work I saw many examples in various parts of the Apennines, which differed somewhat in treatment according to the nature of the hill sides, and of the latter I saw three or four examples also treated very differently. The difference of method in the former being largely due to the different sorts of escapes used, I will deal with them in order according to the escape designs.

7. The filling up of ravines is accomplished by making a series of low banks across them, usually only about 3 feet high to start with. These are provided with an escape channel in soil at one end, and in some cases with a supplementary flood overflow at the other end with its cill about a foot higher than the main escape. The drainage coming down the ravine is headed up by these banks, fills up the small reservoirs so formed and deposits its silt, while the surplus water flows on into the next basin. If sufficient silt is not brought down in the ravine itself, or if it is desired to reduce the prominence of spurs on either side, the drainage off the hill-side is collected in contour drains and conducted to the spur some distance above the bank, and is then turned straight down the spur. Thus it scours out the spur and at the same time acquires the silt needed to fill up the reservoir. By this means the reservoir is silted up a foot or two, and then the bank is raised another 3 feet, new escapes made, and the process begins again and proceeds till in time the height of the bank is sufficient, to enable the whole ravine to be cultivated, except the dividing banks and on these trees are grown. In some cases the final height of bank attains as much as 30 or 40 feet above the next basin. The chief things to be noted are that the banks are raised very gradually, so that there is never any great depth of water behind them, and consequently but little fear of damage by failure of the bank, and that cultivation of some sort is usually quite possible long before the final height is attained. Cultivation is started as

early as possible so that the outlay may not remain unproductive longer than can be helped. This is the most usual system, though with the well and fall systems of escapes, to be described below, the banks are often built at once to their full height; such works however require comparatively expensive masonry works and are not of the simple and cheap sort usually adopted.

8. An excellent example of systematizing, combined with ravine regulation, was on the Son Vinanzio property of Count Faina between Perugia and Orvieto. An amphitheatre high up in the hills, which is now largely under cultivation, was a few years ago a bare hill side covered with scrub jungle and intersected with ravines. After clearing the jungle, drains were made to collect silt from a part of the hill further up so as to bring down extra soil and transverse drains were cut along contour lines, with the usual slope of 2/100 and at the usual intervals of 12 feet difference of level. These crossed innumerable small depressions which were blocked with dry stone walls about 3 feet high as a maximum. Soil quickly accumulated behind these and they were raised where necessary until in four or five years the depressions were sufficiently filled up for the contour drains to be made continuous on either side up to two main ravines, down which all the water was escaped. Then these were treated in the same way, except that in them the bed was thickly sown with poplars so as to check the force of the water. As soon as the drains were made, a farm was started and the hill side lower down attacked, till now, some thirteen years since the work was started, there are two flourishing farms on the formerly waste hill side, and work is still going on below. The hill-side is now a series of drains crossing the former depressions on dry stone walls with sloping fields between them (across what were the depressions also), these escape into two ravines which have a series of dry stone falls with a healthy grove of poplars in the basin above each. The work here was of a somewhat more expensive nature owing to the use of stone, but this was inevitable owing to the steepness of the hill side, and as the ground was very stony and the walls were made only of stone picked off the surface the extra expense was not great.

9. The above is a special case which I have noted before proceeding with the consideration of the question of ravine filling which I now resume in continuation of paragraph 7. Most usually the escapes are of earth only, this being rendered possible by the comparatively small amount of rainfall that ever occurs in one day, the maximum of which I was able to obtain any figures being about 3 inches in the 24 hours. In these cases where the escapes are of earth, merely turfing the bed is usually found to be sufficient, but occasionally a little brushwood is used to check the force of the water. There being no great depth of water in the reservoirs, even if the bed did cut out, no great damage could be done, but such scouring action is rare.

10. In other cases the descent from one basin to another is effected by means of cement tubes, and from the lowest reservoir a masonry-lined channel to the stream below. These tubes are about 3 feet long and usually a foot in diameter. They are made two inches thick, the ends being socketed, so that they can be laid in soil without any lining (being laid to a steep slope). The only masonry used with these, is a wall at the bottom which is built as a couple of pillars about 5 feet apart, the intermediate space being spanned by an arch, and the outlet being over the centre of the arch. This form of construction is used as there is no cistern to stop the swirl made by the descending water, and there is considered to be less likelihood of failure than there would be with a continuous flat foundation. The bank above is carried out parallel with the hill side to a sufficient distance to secure the toe of the bank from danger from scour, and the pipe is laid parallel to the axis of the main bank and carefully parallel to the average slope of the hill-side. The object of this is that as the bank is raised the pipe can be lengthened and the bank raised, and yet they will remain always at the same distance from the hill side as at first. Fig. 6 shows a sketch of these pipes and the method of raising the main banks as adopted at Cadiroggio. Fig. 7 shows a plan of the banks, etc.,

at this place and Fig. 8 the longitudinal section of the ravine as it will be after the work is completed. Fig. 9* gives a good idea of the same ravine in process of filling and shows well the desolate character of the hill sides which have to be worked on. Practically all these hill sides are now cultivated with lucerne and other fodder crops, except the extreme top of the ravine and the clay cliffs seen on the left of the picture. Fig. 10* shows a similar ravine on the other side of Cadiroggio, which has been completed as far as the property of the brothers Severi extends. At the beginning this was similar in character to the ravine shown in Fig. 9.*

11. Another method of escape is by a well and culvert. This is more usually adopted in cases where the bank is made up to a considerable height at the beginning, but otherwise the top of the well is built up gradually as the silting proceeds, or else a slot is left in one side of it which is gradually blocked up. The object of this form of construction is to deliver the water below the bank with as little forward velocity as possible. One advantage of this form of escape is that, if the height of the bank has to be increased later on, it admits of this easily by merely adding another bank and well outlet behind the old one, the velocity of delivery being small the old bank is not damaged by scour. Where these banks are made up at once to any height above six feet or so, they are generally given a toe of masonry as shown in Fig. 10,* or of dry stone sausages of an ingenious form devised by Mr. Serrazanetti of Bologna. These consist of wire netting with the meshes formed by the wires being simply passed through the adjacent meshes without being twisted round them, so that it is exceedingly flexible. On a basis of such netting are formed rows of wire netting bags of similar construction, so that when these bags are filled with stones the whole forms a series of sausages connected together at the back. Figs. 11* and 12* show the well system as used at Castel Fiorentino where the banks are made up about 10 feet high to start with and afterwards added to, and Fig. 13 shows Mr. Serrazanetti's method, while Fig. 14 shows how such a bank as that in Fig. 13 can be raised by later additions.

12. One other form of escape remains, which is sometimes used on the completion of such a work as mentioned in paragraphs 9 and 10 to secure the safety of the whole, when the need for constant inspection has passed. It is however more usually adopted for a fall in the centre of a long bank, where this bank is made up to the full height at once. Fig. 15 shows the section of such a fall, which can be extended by adding to the number of wells as shown in the elevation above. I saw this form used on an estate near Ozzano, where a small stream had been giving much trouble in the foot-hills. It had scoured out a good deal under the foot of the hill and endangered the safety of the hill on which stood the house and farm, and it also wound about in the valley below, cutting up the land to a considerable extent. Here a bank 15 feet high was made with one of these falls in the centre (with three wells), on the line to which the stream was to be constrained. The stream rapidly silted up the reservoir so formed to within about 6 feet of the top of the bank, and when this was effected another bank and fall were made some distance upstream and side banks were made to the proposed stream line between the falls. There were thus left two silt tanks one on either side of the new channel, and water was admitted to them by pipes from the new upper reservoir. The process was then continued, and when I saw it a third bank and fall were being made and the first reservoir silt tanks were nearly filled up. The whole work has only taken four or five years and it is estimated that it will be completed in a couple more, when the valley will be entirely cultivated, the hill-side safe, and the stream well under control. I may note that when the first fall was made pitching was placed on the downstream bed and banks. The action however was found to be so small from this form of fall that no pitching is being used on the later falls.

There were some excellent photographs of these works of which I was promised copies and for these I have delayed my report till now. As they have not yet come I have to send the report without them.

* Not printed.

13. It will be noticed that in the preceding paragraph I have said that the filling up of the valley and controlling the stream has ensured the safety of the hill side. In every case of slipping hill sides which I have seen in Italy the cause is attributed to the action of the stream below in eroding the base, at all events in the original instance, and in all works of reclamation of such, the greatest stress is laid on the importance of fixing the base, while it is generally stated that work on the hill side itself would be useless without having the base fixed first. In ravines this is done by the "colmata" or silting up of the ravine bed from the bottom upwards by the methods above described. Where a torrent exists at the base the torrent is first controlled, at least on the side where reclamation is to proceed, so that it can no longer scour the base of the hill. Then the hill side itself is attacked.

This fixing of the base is done either by merely controlling the torrent, or by silting below in the bed, or by eloborate walls and underground drains to dispose of the subsoil water as practised by the Government engineers at Bologna (I have been supplied with plans of these works but do not think it necessary to reproduce them here), or by dry stone wired walls on Mr. Serrazanetti's system. The reclamation above is effected mostly by cultivation only in combination with systematization of the drainage. The methods vary but all agree on the prime importance of fixing the base.

14. I give in figure 16 a sketch plan of part of Mr. Serrazanetti's estate near Riolo. The ground was of the worst, a broken hill side consisting of the débris of landslips from the hill above and itself moving with every heavy shower of rain, as still does the land on either side of his estate.

His process was first to check the action of the torrent on the base of the hill by means of a spur, then to regulate the ravines by a series of banks with well outlets, and finally to make cross drains to carry off the rainfall quickly to the ravines. When I saw it, movement had ceased almost entirely on his land, though some of the walls where the cross drains cross the depressions were bent. This however matters little as the whole of his sustaining walls are of flexible dry stone wired walling. Flourishing crops of lucerne were growing all over this part of the hill, while the land outside his fences was a scene of the wildest desolation very similar to the landslip at Sultanagri near the Kathgodam railway station, only not quite so stony.

15. I have now described the Italian methods of improving their hill sides; there remains the most important question as to how far these can be applied to Indian conditions. There is no doubt that to some extent they are capable of application, though in India except where similar work is already done as noted in Appendix C of Sir E. Buck's report on the Control and Utilization of Rivers and Drainage—the methods to be used must be of the more expensive types. Our rainfall is so much greater in intensity than that of Italy, where I could hear of nothing greater than 3 inches in 24 hours, that the simple methods in most cases employed there would not stand the strain of a single rainy season. Masonry works of some sort would be absolutely necessary for escaping purposes, though they need not always be very elaborate. Then our hill sides in the Himalayas and Siwaliks (of which alone I have any experience) are much steeper and less well covered with soil than the Apennines, and these Italian methods can only be successfully used where there is plenty of soil higher up the hills for use in silting up the ravines and inequalities. Where new land is needed for cultivation in the hills it might perhaps be possible in some cases to adapt the Italian methods of terracing by water action, while in parts of the outer hills it would be possible to adapt them, though at a greatly increased cost owing to the heavier rainfall, to certain hill sides for the purpose of preventing slips and to lessen the amount of soil carried off by the hill streams. Under present conditions however I see little chance of their being of great use to us in any part of the hills.

16. Where I think however that these Italian methods could be most usefully adopted, is in the gradual reclamation of the ravines, which cover so large a tract of country along the borders of the Khadirs of many of our larger rivers in the plains. Masonry or tube escapes would be necessary even here though they would be less expensive than in the hills, but it would be quite possible to dam the ravines at intervals and gradually wear down the higher portions, so that in the course of time the ravine tract of land could be terraced and sloped so as to bring the land again under cultivation. Careful surveys would first have to be made, and a definite plan of action laid down, and then a certain amount of supervision would be necessary to ensure the plan of action being carried out and to superintend the building of the required masonry works, the making and clearing of the ditches, and to see that the eroding action on the spurs was properly assisted by hand labour. But the ultimate reclamation of these ravine lands is quite within the bounds of possibility at no unreasonable cost.

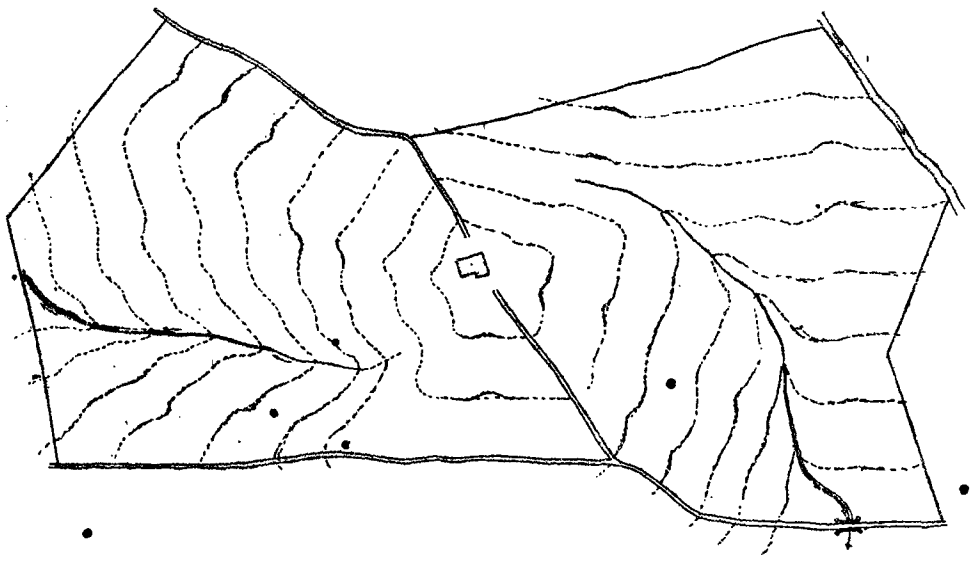

Fig.1.

Contour Plan of Estate.

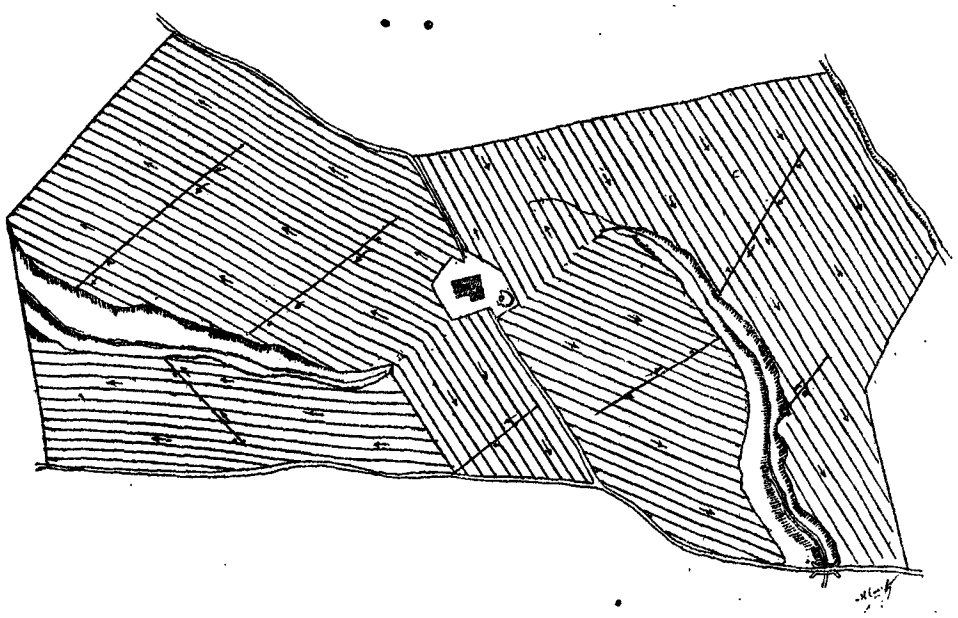

Fig. 2.

Plan showing cultivation in old style.

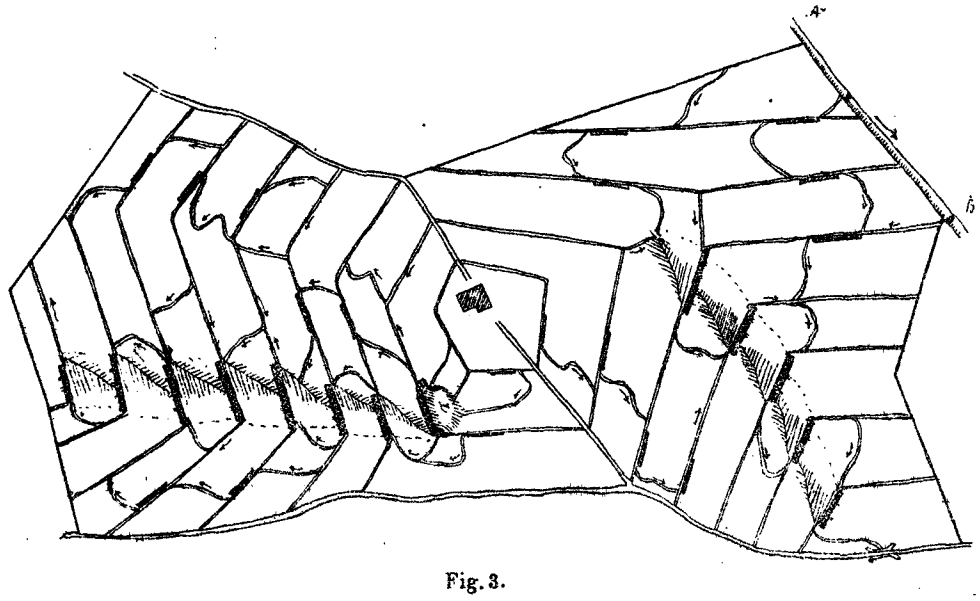

Fig. 3.

Plan showing contour drains & banks.

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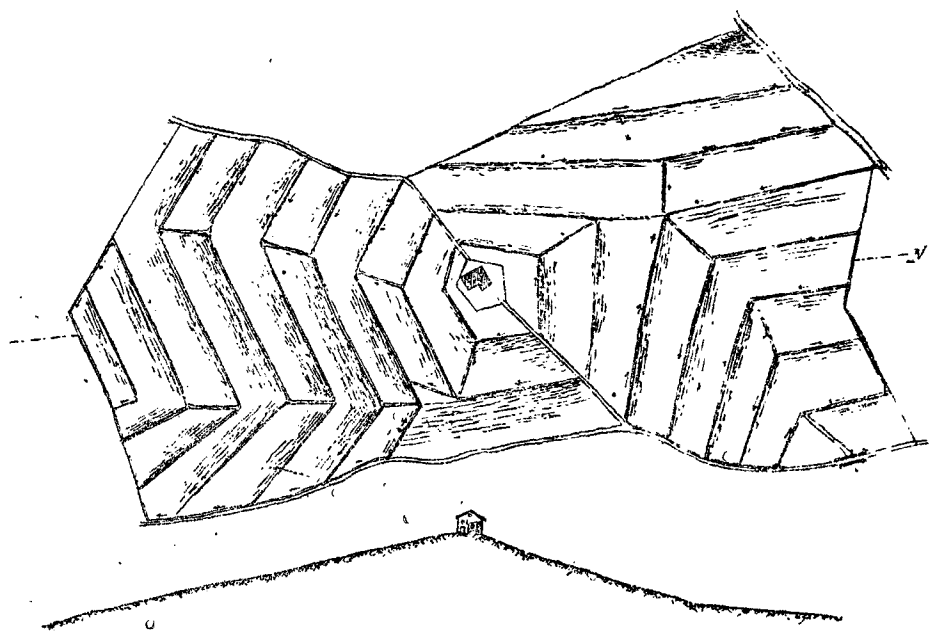

Fig.4.

Estate with drainage systematised.

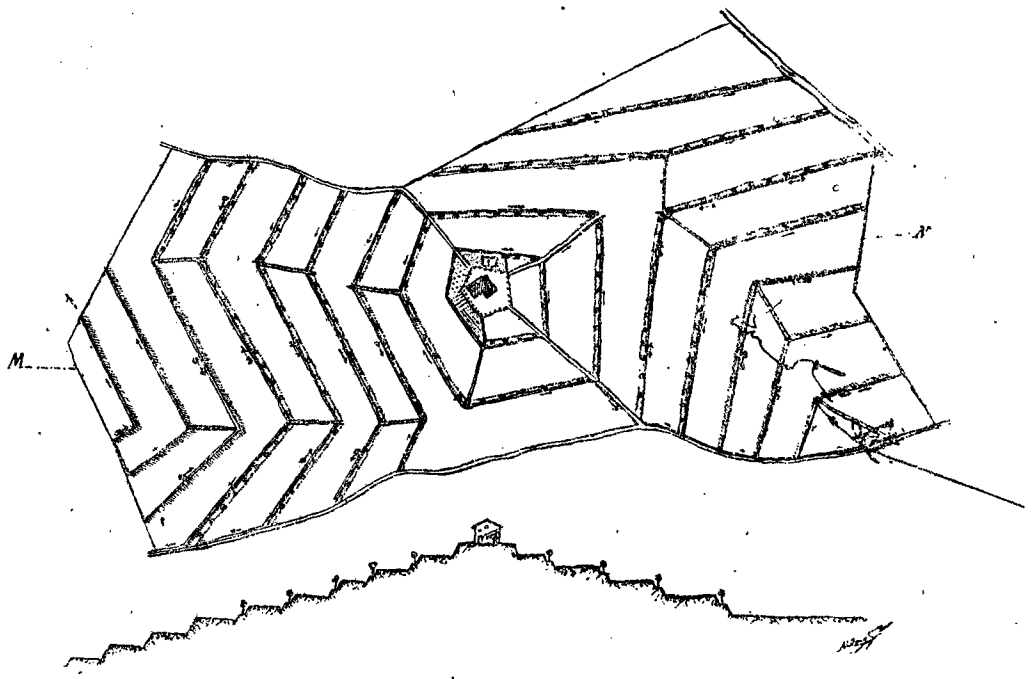

Fig. 5.

Terraces completed.

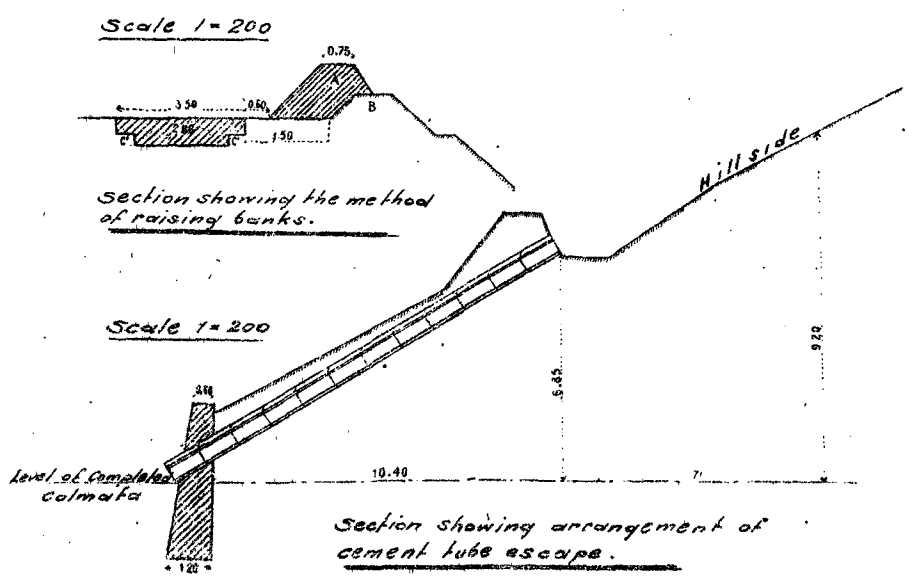

Fig. 6.

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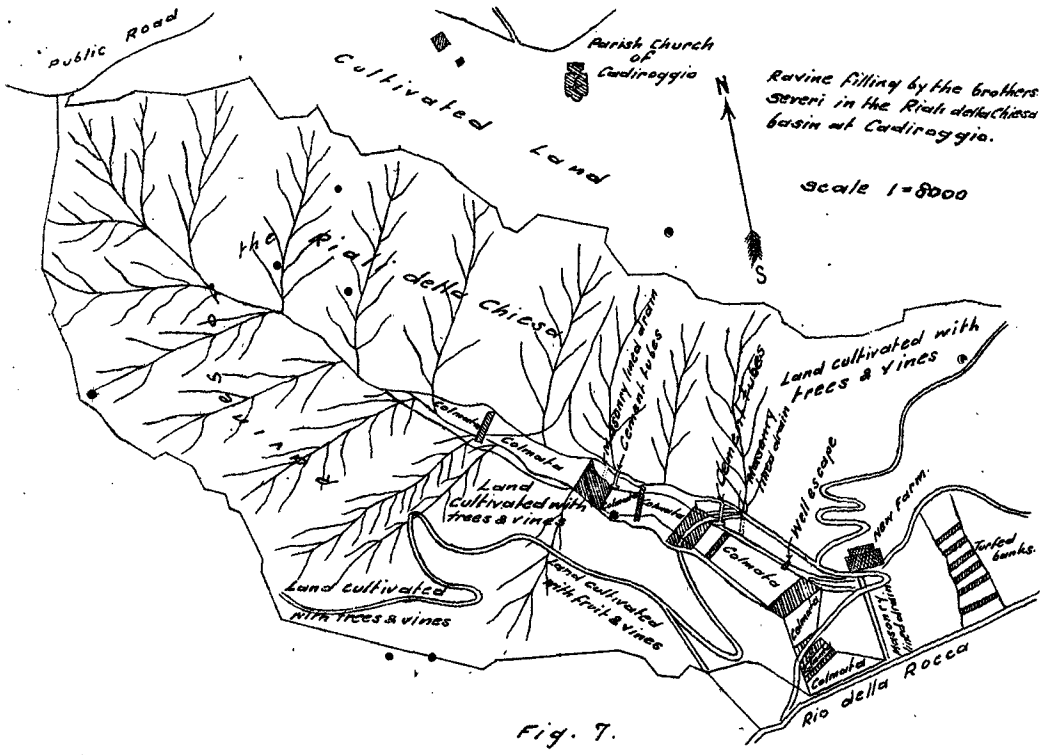

Fig. 7.

Longitudinal Section of the ravine filling in the Riali della Chiesa basin.

Horizontal Scale, 1 = 400.
Vertical Scale, 1 = 800.

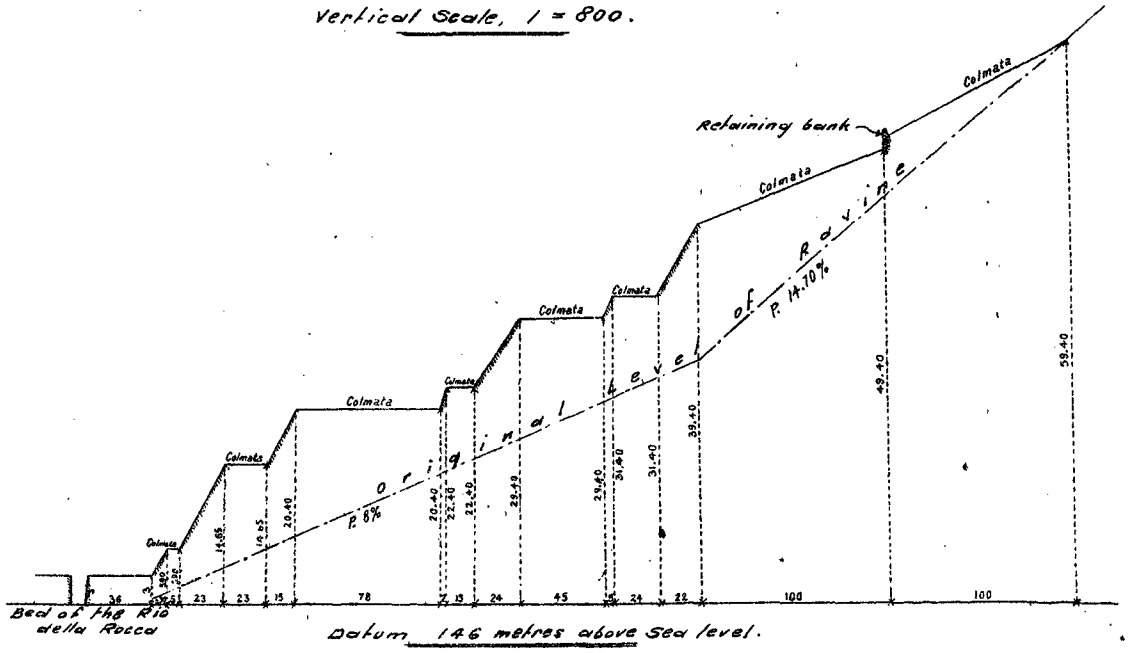

Fig. 8.

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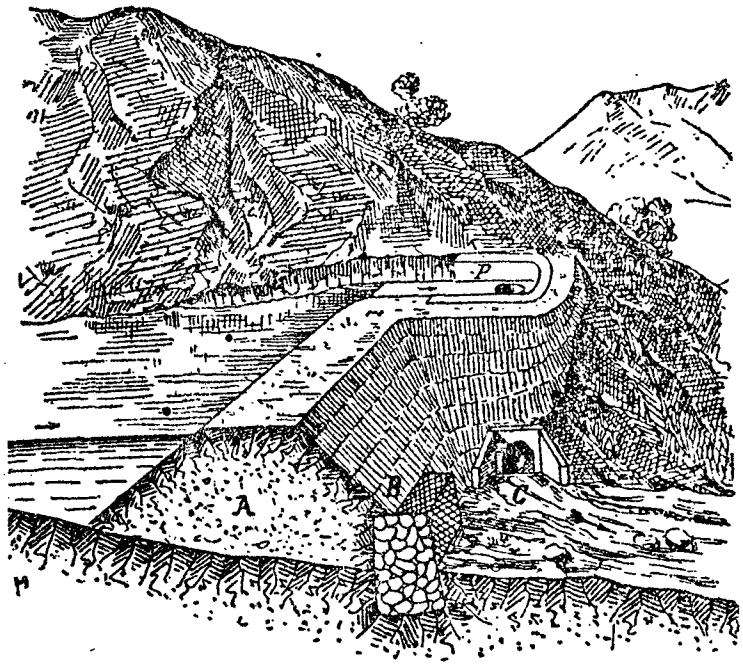

Fig. 13. Serrazanetti bank & well escape

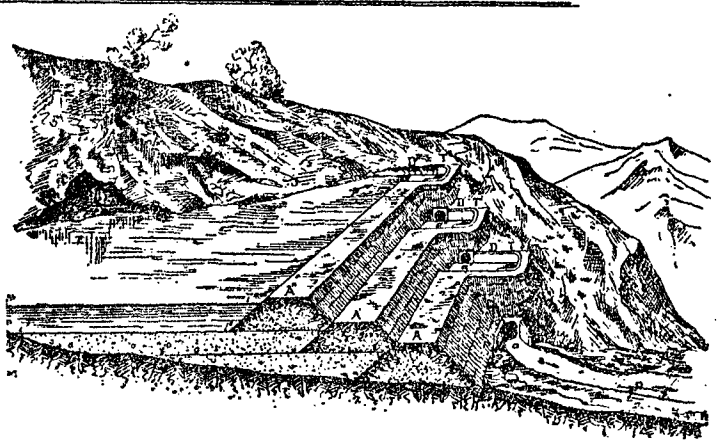

Fig. 14. Method of raising the above.

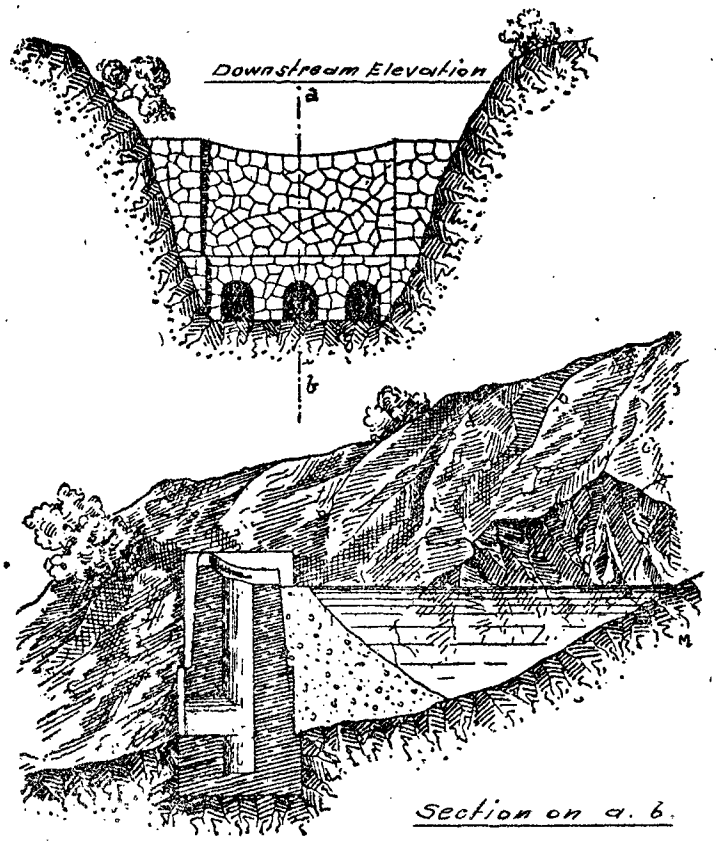

Fig. 15.
Fall for Centre of banks.

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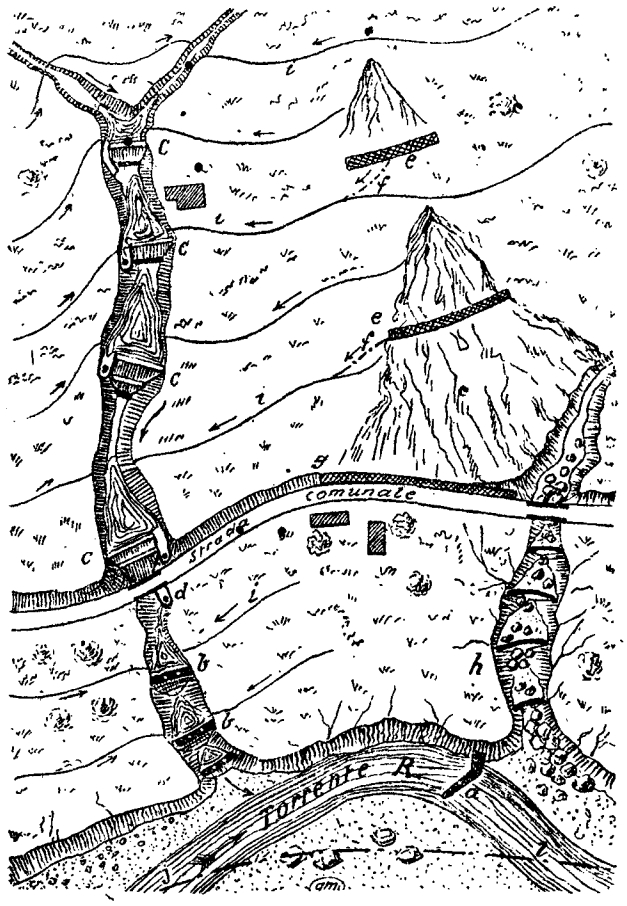

Fig. 16. Sketch plan of Mr Serrazanetti's estate near Riolo.

a. Spur in torrent.
b. Banks with falls
c. Banks with well escapes
d. Road bridge
e. Sausage walls
f. Subsoil drains
g. Retaining wall of sausages
h. Banks with wooden shoot escapes
i. Contour drains
J.L. New line of torrent.

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NOTE

ON

A TOUR OF INSPECTION MADE THROUGH THE FORESTS OF THE BAHRAICH AND KHERI DIVISIONS, UNITED PROVINCES AND OUDH.

I reached Murtiha in the Bahraich Division on the 15th February and was met by Mr. Jackson, Conservator of the Eastern Circle, and Mr. Tulloch the Divisional Officer. Marching *viâ* Nishangara and Katernian Ghat I passed into the Kheri Division on the 21st instant, and was met by the Divisional Officer Mr. Canning. Thence marching *viâ* Belraien, Fort, Sonaripur and Chandan Chawki I reached Dudwa on the 6th March, and ended my tour at Mailani on the 11th March. I have to express my thanks to Mr. Jackson and his officers for their courtesy during my trip and for the information afforded me on all subjects on which I desired it.

2. The forests of the United Provinces have been for a long time under conservative treatment, and their organization has been brought to so high a state of perfection that they provide an example to most other provinces. It is the more disappointing therefore to find them, over very large areas, exposed to adverse forces of nature the results of which are already alarming, and the ultimate effect of which cannot be foreseen. The failure of the ordinary rains and the ensuing drought which of late years has caused so much distress, has caused untold damage amongst the *sâl* forests of Pilibhit, Gonda, Gorakhpur, Bahraich and Kheri. Throughout this area the water level has sunk from 2′ to 10′ lower than it was before. The result of this has been the drying up of the *sâl* trees and often many other trees over very extensive areas. In the Cis Sarda Forests, which consisted mostly of flourishing young poles, the result of the protection afforded to the forests during the past 30 years or so, the young trees have dried up over some hundreds of square miles. Less serious but still extensive damage has also been done in Pilibhit, Gonda, Gorakhpur and Bahraich.

3. The main reason which has led to this extensive damage is no doubt the failure of the monsoon, but it may well be that other causes have accentuated the destruction. There is reason to suppose that the forests of Nepal which lie immediately North and East of the area affected, have been seriously denuded during the last 30 years or so, and it is a matter of great importance that the amount of deforestation which has taken place should be ascertained, and that steps should be taken to introduce a regular system of forest conservancy into these hills. It must remain a matter for speculation as to how far the famines and drought that have occurred in the country immediately below, have been affected by the destruction of forests in the tract above; but it is certain that any extensive disforestment of the hills of Nepal, must seriously accentuate the dangers attendant on a partial failure of the monsoon rains over much of the United Provinces.

4. The valuable Trans Sarda Forests of Kheri, though so far the least affected, nevertheless contain perhaps hundreds of thousands of *sâl* trees killed off by the drought, and show signs that more extensive damage may follow. Unfortunately, but naturally, the intense heat and dryness following on the falling off in the rains of the past few years, has been accompanied by many disastrous fires which have accentuated the damage wrought by the drought. The full effect of these calamities cannot be gauged at present, for the process of destruction is still in progress, but the fact must be faced that the area under *sâl* has been considerably decreased, and that the forests are poorer by the loss of an unknown, but very considerable number of dead trees. Moreover the future of much of these forests gives cause for much anxiety, for they have fallen on evil times.

5. With this state of affairs prevailing it is evidently necessary to carefully husband our resources. It is unnecessary to take too gloomy an outlook, and the *sál* forests of the Eastern Circle are still some of the most valuable that Government possess, but their value has been considerably lessened by the havoc wrought by drought and fire, and the calculations made in the various Working Plans are entirely vitiated.

6. There is, in the first place, an enormous quantity of dead timber to be disposed of. The quicker it is utilized the better as it will rapidly deteriorate, and may be destroyed by fire. In the Cis Sarda forests the dead trees are mostly small and the produce will hardly be saleable except as fuel. The Divisional Officer may be authorized to sell as much of this off to the best advantage as he can.

7. In the other Divisions a number of I, II and III class *sál* trees fit for sawing will be found dead. The forests should be divided up into convenient blocks to be gone over as rapidly as possible, say within the next 5 years. All saleable dead and obviously dying trees should be marked and disposed of to the best advantage.

8. In the regular fellings prescribed under the Working Plans these should in all cases be limited to—

(*i*) trees of which the removal is desirable for cultural reasons; and

(*ii*) trees of mature size, which if left to the next rotation would probably deteriorate considerably in value.

No sound vigorous tree should be cut unless it is injuring others of more value than itself.

9. In the Cis Sarda forests all fellings of green trees have been rightly stopped. Such a measure is probably not yet necessary elsewhere, but may easily become so; and if at any time the amount of dry timber thrown on the market suffices to meet the average demand, fellings of green timber should be stopped.

10. Under the various Working Plans subsidiary fellings are prescribed to follow the main fellings. The object of these fellings is as defined in paragraph 131 of the Revised Working Plan for the Trans Sarda Forestsof the Kheri Division, *i.e.*, to clear the coupes of worthless old trees and of badly grown or damaged young trees, and to weed out *asaina* and miscellaneous stems, where they are keeping back promising *sál* trees. The manner in which these excellent objects are to be attained is laid down in paragraph 132, but the Rules are in my opinion too complicated, and judging from the operations carried out under them, which came under my observation, are not likely to attain their object. Rule 4, in particular, under which all miscellaneous species may be felled or girdled is likely in the hands of an inexperienced marking officer to do a great deal of damage and cause unnecessary removal of cover. The advantage of separate sets of Rules for High Level, Low Level and General Rules is not apparent. These Rules should be re-examined and recast and might well be the same for all Divisions. They should ensure the removal of all trees interfering with promising young *sál*, and should prohibit the removal of anything else except of trees which have been damaged in felling operations and of climbers. The cutting back of all badly grown young *sál* prescribed in Rule 3 is a herculean task which is unnecessary, and is not in fact being carried out.

11. With reference to these subsidiary fellings it is necessary to observe that good will result from them only if they are carefully carried out by competent officers. At present they have often to be entrusted to men on the temporary establishment who do not possess the necessary qualifications. This is much to be regretted and may lead to harm and not good being done to the crop. In some other respects the present sanctioned subordinate staff is not what it should be for the management of these valuable forests where such extensive works have to be carried out under the various Working Plans.

12. In the main fellings considerable damage amongst the young growth was apparent from the felling of old trees with large branches. In the stage of forest conservancy at which we have now arrived this should be remedied, as it can easily be, by lopping the branches before felling the trees.

13. I would suggest that the Conservator be called on to propose alterations in the various Working Plans as may be rendered necessary by the above remarks and frame an application for such extra establishment as may be necessary to carry out the important works prescribed by the plans in an efficient manner.

F. BEADON BRYANT,

The 20th March 1909. *Inspector-General of Forest.*

G. C. B. P., Simla.—No. 605 R. A. D.—23-4-09.—960 C. P.

SUGGESTIONS

FOR THE

ADMINISTRATION AND WORKING OF THE FORESTS

IN THE

ANDAMANS.

BY

H. C. HILL,

OFFICIATING INSPECTOR GENERAL OF FORESTS TO THE GOVERNMENT OF INDIA.

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SUGGESTIONS

FOR THE

ADMINISTRATION AND WORKING OF THE FORESTS

IN THE

ANDAMANS.

INTRODUCTION.

1. *Deputation of the Officiating Inspector General of Forests.*—A visit to the Andamans by the Inspector General of Forests had been in contemplation for a considerable time, and when Mr. C. J. Lyall, C.I.E., Secretary to the Government of India in the Home Department, and Surgeon-Major A. S. Lethbridge, M.D., Inspector General of Jails, Bengal, visited thePenal Settlement at Port Blair early in 1890, the Forest policy was one of the subjects discussed and reported upon by them in paragraphs 34 and 35 of their Report. A consideration of their recommendations decided the Government of India to depute me to inspect the forests in the Andamans during the ensuing cold season, and the Superintendent of Port Blair and the Nicobars was informed of the proposed visit in a letter from the Government of India, Revenue and Agricultural Department, No. 627 F., dated 24th July 1890.

2. *Journal of Tour.*—I left Calcutta on the 3rd of January 1891, and journeying by Rangoon, where I had some business to transact in connection with certain Forest matters in Burma, I reached Port Blair on the evening of the 13th January. On the 14th, I visited the tram-line and the forests round about Dhani-Khari, distant about 12 miles from Port Blair. The Haddo depôt and steam saw-mill at Chatham were inspected on the 15th, and the next day Colonel Cadell showed me over the recent clearings at Anniekhet and Cadellganj, where a considerable quantity of useful wood lay unextracted, and for the rapid utilization of which he proposes to construct a temporary tram-line with wooden rails. On the morning of the 17th, I had the advantage of Colonel Cadell's company through several tracts of forest suitable for reservation. In the afternoon of the same day I inspected and reported on (Section 18 of the Forest Department Code) the office of the Deputy Conservator. On Monday, 19th, Colonel Cadell accompanied me to Goplakabang, where I saw the teak and padauk plantations, and the experiment of planting padauk in single lines 100 feet apart in the natural forest. On the 20th, after visiting Viper Island on the way, I again went to Dhani-Khari and examined the arrangements for loading and unloading the tram-trucks. I slept at Dhani-Khari and next day inspected the forest near Manglután on the west coast, and thence across *viâ* Ali Musjid to Rangachang, where the Chief Commissioner had kindly sent the launch *Ross* to take me back to Ross Island. The 22nd was occupied in making arrangements for a somewhat longer excursion to the interior of and around the islands with Mr. Chester, the Deputy Conservator of Forests, who had accompanied me on nearly all the previous excursions. Leaving in the *Ross* at 3 A.M. on the 23rd, we anchored at 6 o'clock in Shoal Bay and proceeded to visit the sites of former fellings. Returning in the afternoon, we proceeded north and at 8 P.M. anchored inside Colebrooke's Island. On the 24th we left the launch and walked through the forest across to Opolaimi, where we again met the steamer in the afternoon. Steaming on, we reached Amit-la-boicha, where we anchored. On the 25th we struck into the forest for some miles in the direction of Opolaimi, and, returning to the launch in the evening, went by water to Spike Island. From Spike Island we steamed on the 26th down the west

coast to Constance Bay. On the 27th the forests immediately north and east of Constance Bay were inspected and we anchored for the night off Rutland Island. The next day was taken up by an inspection of the forests on Rutland. On the 29th we returned to Ross, and on the 4th February I left for Calcutta, having passed 22 days in the Andamans.

3. *Assistance afforded by Colonel Cadell, Superintendent of Port Blair.*—It was due to Colonel Cadell's kind assistance in providing me with ponies and a steam launch, that I was able to visit the whole of the Settlement and also make an excursion of eight days to the Middle Island, the west coast, and Rutland Island. I have also to thank the Superintendent for devoting so much of his valuable time to showing me all over the Settlement, as well as to personally explaining and discussing all matters connected with the Forest administration of the islands.

Without the exceptional help and information thus afforded me by Colonel Cadell, I should not have been able to report on all matters connected with the Forest business within the short space of the three weeks at my disposal.

CHAPTER I.

Area and Composition of the Forests.

4. *Distribution of the Forests; Soil, &c.*—The whole area of the Andamans, except where they have been cleared for the Settlement-stations, for the purpose of establishing self-supporters' villages, for tea, coffee, indigo and cocoanut plantations, gardens or grazing lands, may be said to be clothed with dense forest. The exceptions are certain outlying exposed islets of no importance. The aborigines, as is well known, make no clearances. The forest is, generally speaking, evergreen, with deciduous trees scattered in varying proportion over the lower-lying portions; but there is no appearance of distinct zones, described by some writers as deciduous, lower evergreen, upper evergreen, &c. There are, however, distinct mangrove swamps defined by the tidal limits, and in places these are skirted by littoral belts, in which *Mimusops littoralis*, *Calophyllum inophyllum*, *Heritiera* sp., *Hibiscus* sp., *Pongamia* sp., &c., are found; but, as far as my examination went, the mangrove was generally succeeded immediately by a growth in which the evergreen *Dipterocarpus* and, as specimens of deciduous trees, *Pterocarpus Indicus* and *Lagerstrœmia hypoleuca*? attain magnificent dimensions.

From the mangrove swamps, the hills rise more or less abruptly and reach various elevations from 200 feet to 1,400 feet; but the more general elevation of the ridges is from 300 to 600 feet. There are, properly speaking, no level lands; the entire surface of the islands is hilly, the hills being intersected by valleys of varying width and fertility. The indurated chloritic rock described by Kurz, and which was believed by him to occupy the level lands of the interior, was only found at a distance from the coast in one place north-east of Constance Bay. The underlying rock of the entire forests of the South Andaman, from Manglután on the west to Rangachán on the east, and of the forests of the Middle Andaman, as far as seen, is grey sandstone. Crystalline quartz was observed to outcrop in rare places through the sandstone, and east of Amit-la-boicha conglomerates were found over a limited area. The Serpentine rock of Rutland Island and of the neighbouring point, Chiria Tapu, was not seen in other places.

5. *Area and Composition of the Forests.*—The area of forest on the main islands has been stated to be 1,959 square miles, of which 180 are estimated to

be under mangrove, and the balance of 1,779 square miles of evergreen forest, producing the following useful species:—

1. *Pterocarpus Indicus.*
2. *Lagerstrœmia (hypoleuca ?)*
3. *Mesua ferrea.*
4. *Hopea odorata.*
5. *Nageia bracteata.*
6 & 7. *Mimusops littoralis.* / *M. Elengi.*
8 & 9. *Artocarpus Chaplasha.* / *A. Lakoocha.*
10. *Diospyros Kurzii.*
11. *Terminalia bialata.*
12. *Albizzia Lebbek.*
13 & 14. *Dipterocarpus lævis.* / *D. alatus,*
15. *Eugenia* sp.
16. *Croton argyratus.*
17. *Calophyllum spectabile.*
18. *Dillenia* sp.
19. *Adenanthera pavonina.*
20. *Odina Wodier.*
21. *Semecarpus heterophyllus.*
22. *Planchonia valida.*
23. *Bombax insigne.*
24. *Murraya exotica.*
25. *Barringtonia speciosa.*
26. *Garcinia speciosa, &c.*

Of these, the first fourteen species are in most demand locally; while, in addition to padouk, the only species exported, and these as yet in small quantity, are *Diospyros Kurzii, Albizzia Lebbek,* the two species of *Dipterocarpus, Artocarpus Chaplasha, Lagerstrœmia hypoleuca,* and *Nageia bracteata.* The common bamboo is *Gigantochloa Andamanica,* but *Dendrocalamus strictus* was observed on the mainland opposite Colebrooke's Island and is said by the Andamanese to occur elsewhere in greater quantity.

6. *Distribution of Padouk.*—The distribution of the valuable padouk alone calls for special notice. On the basis of a valuation survey extending over 160 acres, and eye estimates, Mr. Ferrars, Deputy Conservator of Forests, in 1885, held that padouk was only found up to a certain elevation and on gently sloping hill land, which he asserted was invariably on a sub-soil of argillaceous formation (the indurated chloritic rock of Kurz). Padouk is certainly not found at high elevations, but it is by no means uncommon at an elevation far exceeding the limits to which Mr. Ferrars considered it to be restricted: an instance will be found in the bamboo forests south of Homfray's Strait. Moreover, padouk is found growing to perfection at the lower elevations on the sandstone formation which is general in the forests of the South Andaman Island, from Rangachang on the east to Manglután on the west, and also in those of the Middle Island from Colebrooke's Island on the east to Amit-laboicha on the west. It is also found on the Serpentine rock of Rutland Island, and on the conglomerate near the Middle Strait. At a distance from the coast the argillaceous shales were only observed, as already stated, in one place, north-east of Constance Bay, and the padouk trees in that part of the forest were not exceptionally numerous.

If the exposed hill tops be excepted, as well as some of the steeper sandstone hill sides where the soil is specially shallow, there is, in my opinion, no condition of soil or altitude in the Andamans which renders the forest unsuited for the growth of padouk.

The limited and uneven distribution of the species, and the total absence in the present day in the padouk-bearing parts of the virgin forests of any but over-mature padouk trees of 300 to probably even 500 years of age, must be accounted for in some other way; and I am disposed to believe that the explanation may be found in the supposition that a general change in the nature of the forest-growth has for a long time been taking place. A parallel may be drawn from the evergreen forests of parts of Burma, in which it is not rare to find sparsely scattered, but magnificent, specimens of mature teak, without

any younger representatives of the species. In this connection I may quote from Mr. (now Sir Dietrich) Brandis's Report on the Attaran Forests (March 1860) :—

"Teak has been found only in a few instances in this kind of forest, and, wherever this is the case, there is every reason to believe that the locality was originally covered with forest of a different character. The teak trees in the evergreen forest attain a gigantic height, being obliged to draw themselves up towards the light between their fast-growing companions. But seedlings are wanting; the dense shade does not favour the springing up of young teak, although it does not impede the growth of the trees properly at home in the dense shady forest."

As the evergreen forests are constituted to-day, there is no prospect of either the teak in Burma or the mature padouk in the Andamans being reproduced naturally unaided. Both are light-loving species, and, as they die a natural death or are removed by man, their place, if no special artificial means are resorted to in their favour, is at once taken by evergreen shade-enduring species, of which there is probably already a complete sub-canopy below them. It does not in these circumstances seem unreasonable to suppose that the existing stock of over-mature padouk trees is merely the remnant of forests of centuries ago, which are in course of being supplanted by a different crop. If this is so, then it can easily be imagined that in the struggle for existence the evergreen species have been able to take a quicker hold of the soil under certain conditions more favourable to their development. Such conditions may well have been advantages due to elevation, moisture, &c., and have led to the deciduous trees having maintained themselves longer in lower altitudes and in sheltered valleys. In such a struggle, the padouk tree labours under the disadvantage of having no marked leading shoot such as is common to most other forest trees. Its crown remains, under all conditions, spreading and straggling without any decided leader, even in the thicket stage of a plantation.

CHAPTER II.

Areas to be managed as Forests.

7. *Selection of Forest Areas.*—Mr. Lyall and Dr. Lethbridge recommended that areas in the Southern District be permanently maintained as forests to meet the wants of the inhabitants; and that wherever new self-supporters' villages are established, such areas should at the same time be set apart in the vicinity for their use: also that definite and well-considered areas be set apart for the supply of firewood at not too great a distance from head-quarters.

The grounds for this recommendation are stated in the first and third clauses of paragraph 34 of the Report by Mr. Lyall and Dr. Lethbridge.

The wants of the villagers (free men and self-supporters) have been estimated by Mr. Chester, Deputy Conservator, at 2,400 tons a year.

The annual consumption of firewood exceeds 20,000 tons. It is made up of firewood for brick burning, salt manufacture, the bakery, the different steam engines and launches, for use by the labouring convicts and troops, and for sale to the residents.

To meet these requirements, a sufficiency of uncleared forest land is available within reasonable distance of the villages and of the different stations in the Settlement. It only remains to set them aside and secure their maintenance permanently as forest. No special legislation appears to me necessary in order

to effect this end. Section 4 of Regulation III of 1876 decides the ownership of the land, and Sections 5 to 12 of the same enactment probably confer all the power that is required by the Chief Commissioner to declare forest land "Reserved" and to maintain and protect such reserves. This view is supported by the fact that, by Andamans and Nicobar Government Order No. 25 of 24th November 1883, ten acres of plantation were declared to have been reserved and placed under the Forest Department. It will probably be convenient to class as reserves such areas as may be set apart, though they are not reserved under any special Act.

8. *Areas available.*—Suitable areas for reservation in the Southern District are:—

I.—A tract west and north of the tea garden between Navy Bay and Minnie Bay.

II.—The high land between Minnie Bay and Flat Bay, a considerable portion of which has been once cleared for brick burning and is again growing up.

III.—Some high lands south of Flat Bay, bordering the Bumlitan Creek.

IV.—The ridge west of Brookesabad.

V.—The large area uncleared, bounded on the north by a line drawn south of Dhani-Khari, Bumlitan, and Birchganj (leaving room for extensions wherever these may be contemplated in the near future). This tract might be reserved to the shore on all other sides, enclosures such as Ali Musjid and Rangachang being separately demarcated.

In the Northern District suitable areas for reservation will be found:—

I.—On the ridges east and west of Dhani-Khari.

II.—At Tapping Point.

III.—Between Ogra Baraij and Mitha Khari.

IV.—West of Hobdaypur and Tusonabad.

V.—West of Cadellganj and Anniekhet.

VI.—East of Tusonabad and Hobdaypur.

VII.—The high land north of the brick kilns between Namunaghar and Brigade Creek.

VIII.—Between Brigade Creek and Orio Creek (Dundresht Forests).

IX.—The ridge west of Wimberleyganj and Goplakabang.

X.—The strips left on the southern slopes of Mount Harriet and the ridge and slopes extending north-west to Goplakabang and the vegetable garden.

XI.—The high land between North Point and Corbyn's Cove North.

The above are only intended as examples of suitable lands.

9. *Adequacy of areas available.*—A portion only of these areas will be sufficiently near to the different stations and settlements to fulfil the purpose Mr. Lyall and Dr. Lethbridge had in view, and their sufficiency can only be ascertained after they have been demarcated and their acreage and capabilities determined.

For the firewood supply and for villagers it may be roughly estimated that an area of 25,000 acres would suffice; but such areas as may be reserved will go to supply the local requirements in building timber, the cheaper woods for export, and also a certain proportion of the more valuable padouk.

It may be assumed that in the future, as in the past, the chief product will be timber, that the proportion of firewood consumed to timber will be as 1 : 2, and that 75,000 acres, or 120 square miles, should be reserved within as easily accessible limits as possible of the Settlement, in order to satisfy in a permanent manner all demands. This reservation, it may be safely asserted, will also be beneficial in securing the fresh-water supply; which the denudation of hills like Mount Haughton not only threatened to injuriously affect, but was quite certain to reduce if extended over the entire island.

10. *Additional reservation.*—The firewood supply can in time be further supplemented by the reservation of any compact stretches of mangrove forest which it is not intended to reclaim permanently for cultivation, and by the produce of fringes of mangrove along the various creeks outside the reclamation bunds, and some deduction from the estimated requirements may be made on account of such areas. The larger areas at a distance, on the outskirts of the Settlement, the reservation of which is advocated, represent the forests that have hitherto yielded and are now yielding the chief supply of padouk and other valuable woods both for local use and export. In view to securing their improved treatment, and to their being exploited systematically, it is desirable that their limits should be clearly defined and their acreage and capabilities ascertained.

11. *Settlement under Forest Act not necessary.*—It has been urged by the Deputy Conservator that, in order to effect reservation and ensure a fixed and continuous policy in the management of the Reserves, it would be preferable to extend the provisions of the Forest Act to the Andamans and thus obtain the benefit of the procedure laid down in Chapter II of Act VII of 1878. But as no rights adverse to Government exist, no claims can be put forward in the Andamans, and, consequently, reservation by an executive order may be considered sufficient without resort to the more elaborate procedure of a Forest enactment, such as is laid down primarily in order to settle claims. Provided the notification of the Reserves is duly reported to the Government of India, and it is clearly understood that, once reserved, their disafforestation should only be sanctioned with the approval of the Supreme Government, there is no reason why the future of the Reserves should not be as safely secured as that of any Reserves made under a special Forest Law. They should, however, be brought on the registers, and additions to, or reductions of, the area duly reported from year to year.

12. *Reserves to be demarcated and entered on maps.*—Where not bounded by the sea or tidal creeks, the forests selected for reservation should be clearly demarcated by means of boundary stones, cairns, boards, or other unmistakable marks. They should also be entered on copies of the 4″ and 2″ maps, as prescribed in Section 60 of the Forest Department Code. As a rule, this will involve no additional survey work; but there may be instances in which it may be necessary, in order to accurately show a boundary line, to mount a sheet on a plane-table and survey in the line.

CHAPTER III.

Surveys and Working-Plans.

Surveys.

13. *Maps.*—The existing maps of the Andamans are—

(*a*) Maps of all the islands on the scale of half-an-inch = one mile.

(*b*) A map of the Port Blair Settlement extending to Shoal Bay on the north, Port Mouat on the west, and Rangachang on the south

on two scales, *viz.*, four inches = one mile and two inches = one mile.

For Forest purposes the (*b*) map is sufficient, and it will include the greater part of the Reserves proposed in Chapter II. As the work of exploration and the carrying out of valuation surveys advances beyond the limits shown on this map, it will probably answer requirements for some time to come if definite portions of the half-inch maps (*a*) are enlarged to double the size. Linear surveys and other details can then be gradually filled in by means of a plane-table as required. In enlarging, care must be taken to make use of only such topography on the small scale map as is shown in full lines. Features represented by dotted lines are approximate only.

14. *Valuation-surveys made in the past.*—From the commencement of Forest business in the Andamans, the Government of India have insisted on the urgent necessity for exploration and the preparation of valuation-surveys, upon which reliable estimates could be framed of the resources of the forests, more especially in padouk. Up to date, however, the only valuation-surveys, other than eye estimates, recorded are two made by Mr. Ferrars, Deputy Conservator of Forests, when in charge in 1885 and 1886.

The first, purporting to be a linear survey of 20 miles by a chain in width, was actually a complete enumeration of a compact area 80 chains × 20 chains, and, therefore, of 160 acres. The site of the valuation was north of Goplakabang, and, as exhibiting the composition of the crop in a particular spot, the results are interesting and are reproduced below from Mr. Ferrars' Report:—

Tree.	No. on 160 acres.	No. per acre.
Croton argyratus	1,007	6·29
Artocarpus Chaplasha	175	1·09
„ Lakoocha	34	0·21
Albizzia Lebbek	28	0·17
Barringtonia speciosa	108	0·67
Dipterocarpus, sp.	1,145	7·16
Chickrassia	417	2·61
Carallia integerrima	59	0·37
Planchonia	179	1·12
Mesua ferrea	308	1·93
Alsodeia (small tree)	509	3·18
Nageia bracteata	207	1·29
Eugenia formosa	114	0·71
Hopea odorata	76	0·47
Calophyllum spectabile	49	0·31
Garcinia speciosa	21	0·13
Fagraea racemosa	86	0·54
Bombax insigne	24	0·15
Adenanthera pavonina	4	0·03
Premna pyramida	18	0·11
Padouk	102	0·64
Lagerstrœmia hypoleuca	19	0·12
	73	0·46
Dillenia parviflora	118	0·74
Diospyros pyrrhocarpa	450	2·81
„ Kurzii	41	0·26
Mimusops Elengi	229	1·43
Odina Wodier	16	0·1
Total	5,616	35·1
'Nekamma'	13,621	85·13
Grand Total	19,237	120·23

The proportion of padouk over the entire acreage is 0·64 of a tree, but Mr. Ferrars also ascertained that padouk was only found within the area situated between the mangrove swamp and an elevation of 200 to 250 feet, whereas his countings extended up to an altitude of 800 feet. Actually dividing the entire area into plots of a square chain each, Mr. Ferrars found padouk growing on 400 of these, or 40 acres. An examination of his map recording the results shows, however, that padouk is more or less generally distributed, though by no means uniformly, over some 96 acres. Taking the padouk-producing area at this figure, the countings gave in round numbers one tree per acre of this acreage.

The second valuation was a linear survey, one chain broad, extending from east to west of the South Andaman Island along a line from Lakera Baranga to Ehplunta. The total length of the line was 15 miles and the area covered was, therefore, 120 acres, of which 32·8 formed an eastern and 87·2 acres a western section. The eastern section was found to contain 14 padouk trees, or ·43 of a tree per acre. Along the western section 71 padouk trees were counted, equivalent to 0·8 of a tree per acre. The work was done with an enormity of detail and plotted with an elaboration which was in no way commensurate with the results obtained. All that was necessary was to have chained the line and counted padouk and other valuable trees, the enumeration of which was called for, in the rough-and-ready manner that has been sol ong practised in Burma. The valuation for all practical purposes could have been made in as many days as it took months. Mr. Ferrars, it would appear, had another object in view, *viz.*, the establishment of the theory, which he had propounded in a previous Report, regarding the padouk tree being found only on a certain geological formation, which in turn was restricted within a definite altitude.

15. *Valuation-surveys required.*—The Government of India, in reviewing the Forest Administration Report for 1885-86, remarked on this valuation as follows:—

Letter No. 329 F., dated 28th April 1887, to Superintendent of Port Blair.

"The facts taught by it, therefore, cannot be ignored, but neither can they be accepted till it has been proved that they have not been misread. Mr. Carter (who has succeeded Mr. Ferrars) should, therefore, be instructed to examine into the accuracy of Mr. Ferrars' propositions—that the padouk-producing forests are restricted to the argillaceous formation, that such formation only exists on lands of a certain gentle slope, and that their extent can, with an approximate degree of accuracy, be gauged from the contours exhibited on the topographical maps."

These orders have not been carried out by Mr. Carter or his successor, and the result is that we are in no better position to estimate the available stock of padouk than we were five years ago. The indications given by Mr. Ferrars' surveys point to a stock of 500,000 to 750,000 trees. Valuations should now be *insisted* upon on the lines of the countings made in Burma. These will give the needful information roughly only where their number is limited, but where numerous they will, if intelligently applied, furnish estimates of sufficient accuracy. It will only be possible after these surveys have been made generally over the islands to mark off, elsewhere than in the vicinity of the Settlement, the tracts richest in padouk and give preference to the working and improvement of these whenever they constitute sufficiently compact blocks.

Working-Plans.

16. *Working-Plans for Reserves.*—Assuming that 120 square miles of forests are reserved within easy reach of the Settlement, it will be necessary to draw up Working-Plans for these of a somewhat complete character, under

which their full capacity in firewood and the less valuable species, such as Gurjun, may be utilised with due regard to their maintenance and even reconstitution, so far as regards padouk and other valuable kinds, of which they have been to a large extent cleared.

17. *Working-Plans for other Forests.*—For the remainder of the area of the islands, it will be necessary to have pre-arranged Plans of a more simple description, under which, on the basis of valuations, the different operations, *viz.*:—

(1) clearing to aid natural reproduction;
(2) girdling in view to seasoning;
(3) exploitation of the seasoned timber;
(4) cultural operations;
(5) weedings;

may be carried out systematically in rotation, at the necessary intervals of years.

CHAPTER IV.

Protection and Improvement.

18. *No special protection necessary.*—Beyond the declaration of the areas, within easy access of the Settlement, which it is intended to maintain permanently under forest, and the demarcation of these areas on the ground, no special protective measures are called for, unless it be to place a special guard or two on the forests adjoining self-supporters' villages in order to prevent the illicit felling and removal of produce.

19. *Communications and buildings.*—It has been suggested by Mr. Lyall and Dr. Lethbridge that the sites of clearings for self-supporters' villages should be fixed ahead, and that by making roads in advance the extraction of much valuable timber, which would otherwise be lost, would be rendered possible. There can be no doubt about the economy of such an arrangement, and wherever extensions of clearings are contemplated the Superintendent may be left to keep this in view. I have only to add that, as the wear and tear of carting timber requires that such roads should, as a special case, be heavily metalled, it may be worth while levying a contribution from the Department on account of them. The existing system of roads might perhaps have been extended down the Anniekhet valley, the extraction of the timber from which locality is now being arranged for by means of a temporary tram-line on wooden rails. It may be further considered whether the Goplakabang road can advantageously be extended in a northern direction. The necessity for a road to the head of the Dhani Khari valley will be obviated if the tram-line of a mile-and-a-half, now working, be extended for another mile towards the head of the valley. The cost of the material for such an extension landed at Port Blair will be something over R7,000, and provision for some additional trucks may be taken as bringing the total cost up to R8,500. The laying of this additional line would be of considerable advantage at once. It would save the elephants from dragging over that distance in an open clearing, where they are exposed to the sun, and the dragging path is crossed by several small ravines, which make the draught exceptionally heavy. I am of opinion that steps should be taken to obtain sanction to this extension immediately and strongly commend it to the Chief Commissioner's notice.

20. *Tramways.*—The tramway proposed near Stewartganj and Goplakabang, by which logs from the forests drained by streams emptying into Shoal Bay would be carried across the watershed and by creeks to Port Blair, is not, in my opinion,

necessary. I consider that it will be cheaper to arrange for the export to Europe of padouk by loading at Shoal Bay, and that padouk or other woods, if required by the Settlement for local use or the Indian markets, can be towed round by sea in the fine season more cheaply than they can be carried by tram-line across the 3 miles of land intervening between the floatable creeks on either side of the watershed.

21. *Natural reproduction.*—As regards the improvement of the forest crop, the main efforts of the Department must be directed towards stimulating the natural reproduction of padouk, which, as explained in Chapter I, is under existing conditions practically *nil*. The reproduction of other species, the production of which is considerably in excess of the exploitations likely to be effected in the near future, calls for no special attention. It has already been stated that no padouk of the intermediary age-classes exist, and that seedlings do not as a rule establish themselves where old trees are felled unless large areas are cleared and the young plants tended and weeded to prevent their suppression by *Mallotus* sp. and other growth. In order to establish an advance growth of young padouk ahead of the exploitations, it appears clear, from experiments carried out in the neighbourhood of Goplakabang, that considerable clearances of under-growth, and the girdling of other trees, must be systematically carried out over the forests near and around padouk trees some years before the old stock of padouk is girdled and removed. The girdling of the padouk might be undertaken as soon as a crop of seedlings appeared, and at the time of their removal a thorough weeding of the seedlings should also be carried out. For the present, owing to the insufficient stock of girdled timber, it may not be possible to carry out the arrangement entirely as proposed, but it should be worked up to as soon as possible, and in the meantime it will be well to ascertain by experiment whether the clearances and the girdling of the mature padouk cannot be done at one and the same time and a sufficient crop of seedlings obtained. The areas which it is proposed to bring under cultivation near Dhani-Khari, Anniekhet, Goplakabang, and Hobdaypur will for the next few years contribute to the supply of padouk, and it is scarcely necessary to state that these should be first worked out.

22. *Artificial plantations.*—Plantations of padouk at Navy Bay and Mount Haughton were not a success. They were made on soil that had been bared for some years and had much deteriorated. The plantation at Navy Bay, with an area of 10 acres, is not, however, such an absolute failure as was represented, and, if it is now fenced and undergrowth allowed to come up, I think the canopy will become complete in a few years and both a useful and an ornamental patch of tree-growth will have been established.

At Goplakabang, where a commencement was made in 1883, 71 acres are now completely stocked, 40 acres with teak and padouk mixed, and the remainder with padouk only. Teak has grown vigorously: the dominant stems of young trees planted in 1883 now measure 35 to 40 feet in height and have a girth of 16 inches to 19 inches. This growth compares favourably with that of plantations in Burma and elsewhere, and their vigour is marked by the shoots of the year measuring from four to eight feet in length. Padouk of the same age in pure plantations has attained 26 feet with a girth of 15 inches to 19 inches; while in mixture with teak it has been drawn up to a height of 30 to 40 feet and has a girth of 11 inches to 17 inches only. The dominant stems of padouk in the 1884 and 1885 plantations measured, respectively, 32 feet in height with a girth

of 14 inches and 26 feet in height with a girth of 11 inches. The later plantations of 1887 and 1889, of mixed teak and padouk, are equally promising.

In 1886 the experiment of clearing lines 20 feet broad in the natural forest, at intervals of 200 feet, and planting a single row of padouk in the centre, was tried and has proved successful. The area covered by this experiment is not recorded. During the past rainy season similar lines, crossed at right angles, but 100 feet apart, were planted up with padouk and teak alternately in each row, over an area of 45 acres and at a cost of about R27 per acre.

23. *Extension of plantations.*—The Government of India, in reviewing the Annual Administration Report for 1889-90, advocated these operations being undertaken on a sufficiently large scale, and it has now only to be considered what area should be operated upon annually. In view of the condition of the forests as described elsewhere, it is, in my opinion, desirable that not less than 150 acres, and if possible 300 acres, should be treated annually. I consider that the lines need not be crossed, and that one set of lines will be sufficient, cleared generally from east to west, but in hilly ground in a slanting direction across the slopes. I am disposed to advocate the planting of teak and padouk in alternate lines, rather than alternately in the same line, since teak in the earlier stages outstrips padouk and threatens to suppress it.

24. *Weedings.*—The ultimate success of the cultural operations, as well as of the measures proposed to bring about natural reproduction, will depend entirely on regular and systematic weedings being made as often and so long as the young growth is in danger of being over-topped and suppressed. If weedings are neglected or insufficiently done, the natural forest will rapidly close over and take possession, and the outlay on establishing the young growth will be so much money wasted.

25. *Creeper cutting.*—If it were not that the present stock of padouk trees has reached maturity, this would be an important work. But there now seems to be no object in freeing trees which have practically reached full size, and will be removed within a reasonable time from all the forests near the Settlement, to which works of improvement will for the present be confined.

26. *More expenditure on improvements called for: more extended employment of convicts on these improvements.*—Hitherto the expenditure on works of improvement has been merely nominal, as will be seen from the following extract from Form No. 62 for the different years:—

	R
1885-86	792
1886-87	966
1887-88	798
1888-89	336
1889-90	1,201

whereas the net profit from the forests, after eliminating from Receipts and Charges the amount incurred on timber works, was about R68,000 for 1889-90 and a proportionately smaller sum for the previous years. It may be advanced that, as in European countries, 60 per cent. of this sum should go to improving the capital value of the estates, the balance of 40 per cent. only being paid into the treasury. There is, therefore, ample justification for outlay in improving the means of export, and carrying out cultural operations in the forests to the extent recommended in this Report. The laying of a tramway and the purchase of more elephants during the current year are, it may be noticed, measures in this direction, involving an outlay of some R30,000. The cultural

operations will necessitate the employment of a much larger number of convicts than has hitherto been employed by the Department, but the work is important if the forests, instead of being simply exploited, are to be managed on proper principles and with due regard for the maintenance of their present value and utility in the future; and as the labour will be remunerative, the Department bearing the cost of the convicts' wages, it may be assumed that every effort will be made to supply the labour, even to the extent of contracting, if necessary, less remunerative works, as recommended in the Report by Mr. Lyall and Dr. Lethbridge.

CHAPTER V.

YIELD AND WORKING.

27. *Girdling.*—Girdling operations do not appear to have been carried out on a regular system or with discrimination. At present the elephants are dragging green padouk at Dhani-Khari, while, in the direction of Rangachang, light woods, such as *Artocarpus chaplasha* (Hill Jack) and *Nageia bracteata* (Thitmin), have rotted before they could be extracted.

During the past six years the following trees have been girdled:—

	Padouk.	Pyimma.	Thitmin.	Gangaw.	Other kinds.	TOTAL.
1884-85 . .	1,461	686	2,926	2,624	1,774	9,471
1885-86 . .	1,243	1,194	494	...	3,171	6,102
1886-87 . .	...	No trees girdled		...	...	...
1887-88 . .	...	Ditto		...	...	...
1888-89 . .	...	Ditto		...	...	...
1889-90 . .	1,074	503	1,775	1,243	1,805	6,400

The fellings last year accounted for 4,986 trees, of which 1,163 were padouk, and, practically, no dry, seasoned padouk remains in the forests. It is estimated that, with the additional elephants recently sanctioned and the tramway now working, it will be possible to extract 8,000 tons of all kinds in the log and as squares. Of these, 3,500 to 4,000 tons should be padouk, and to supply this tonnage not less than 2,000 seasoned trees should be available annually. Therefore, since the trees take from three to five years to dry and season thoroughly, it is desirable that the forests should always contain a stock of 6,000 to 10,000 girdled padouk. This should be arranged for as soon as possible and the stock kept up.

Light woods which deteriorate rapidly should not be girdled, but a limited number of hardwood trees, for which there is a demand, such as *Lagerstrœmia hypoleuca*, *Mesua ferrea*, *Mimusops littoralis*, *M. Elengi*, *Calophyllum* sp., &c., may with advantage be girdled at the same time.

28. *Outturn.*—The outturn of the forests reached the highest figure on record in 1889-90, when 4,876 tons of timber were extracted departmentally. Purchasers and District Officers extracted 654 tons of timber. The outturn of posts, bullies, and firewood together amounted in round figures to 25,000 to 30,000 tons.

The chief kinds of timber extracted by Government agency were brought out in the following quantities:—

Pterocarpus Indicus—Padouk . .	1,348 tons.	1,000-1,200 tons for export; balance for use locally.
Lagerstrœmia hypoleuca—Pyimma . .	591 „	for use locally
Artocarpus Lakoocha—Lakuch . .	87 „	„ „
Artocarpus chaplasha—Toung-peing-ngè .	521 „	„ „
Mesua ferrea—Gangaw . . .	62 „	„ „
Hopea odorata—Thingan . . .	56 „	„ „

Nageia bracteata—Thitmin . . .	101 tons	for use locally.
Mimusops littoralis—Mohwa . .	166 „	„ „
Diospyros Kurzii—Marblewood . .	23 „	a few tons exported; balance used locally.
Terminalia bialata—Chuglum . .	49 „	used locally.
Albizzia Lebbek—Koko	166 „	a little sent to London; balance used locally.
Dipterocarpus {*alatus* / *lævis*}—Gurjun .	2,888 „	sold locally for export to Calcutta.
Calophyllum spectabile—Lalchinni .	12 „	used locally.
Garcinia speciosa—Palawa . . .	6 „	„ „
Bombax insigne—Didu . . .	32 „	for local tea boxes.

With the exception of that for padouk and gurjun, there is no demand outside the Settlement for any of the woods in quantity, and the recent sales to local traders of gurjun wood in planking for export to Calcutta would scarcely have been justifiable had it not been for the necessity of keeping the Chatham saw-mill fully employed. This was effected by extracting gurjun from forests near at hand at times, when, owing to the limited means of exploitation, the supply of padouk logs was deficient. The business has not proved profitable, for, at the highest rate obtainable from the local traders, *viz.*, R26 a ton, it is calculated by Mr. Chester that the Forest Department's share of R16 a ton is insufficient to cover the cost of extraction, while the mill is credited with R10 per ton for conversion—a rate below which it cannot be run so as to cover the cost of working, if this is made to include the whole salary of the engineer in charge and the cost of convict labour, which is assessed at R6 per month per man. In these circumstances, it is obviously advisable to give preference to the conversion of the more profitable padouk; but the commencement made in introducing gurjun to the more distant market may lead to its higher appreciation and an improvement in prices. This should not be lost sight of, and a supply of logs should be kept in hand for conversion whenever the mill is not otherwise employed up to its working power.

29. *The Chatham steam saw-mill and other means of conversion.*—Padouk logs are as a rule dubbed into squares by hand in the forest, other woods are extracted in the round, and such timber as is required for use by local Departments is taken over by them in this shape and converted by pit-sawyers at Navy Bay, South Point, Anniekhet, and Bamboo Flat, at all of which places gangs of hand-sawyers are employed. The Chatham steam saw-mill, which is said to be in a bad state and to require new boilers and other repairs, belongs to the Settlement, but for convenience sake is supervised by the Forest Officer. Its working expenses are defrayed from the Public Works Budget, and it is credited at fixed rates (averaging on all sizes of scantlings R10 per ton) with the value of the conversion done by it. The outturn of converted timber is now, in its present inefficient condition, about 100 tons a month. Three-fourths of its output consist of the gurjun boards (mentioned in the previous paragraph) sawn and sold to local merchants for export to Calcutta. It meets the requirements of the local officers in shingles and occasional timbers and scantlings; cuts dunnage boards for packing the timber cargoes sent to Europe, tea boxes for the tea gardens, &c.

The cost of working the mill, if the entire salary of the European in charge be included and the 90 labouring convicts entered at R6 per mensem each, is found to be R1,200 a month, while the value of the work done, at R10 a ton, is R1,000. If, however, the necessary repairs are executed and new boilers provided, the outturn will be considerably increased, the earnings reaching probably R1,500 a month. Moreover, it must be noted that the engineer does

other work, and that his salary should not be completely debited to the mill; also that, when employing convicts on remunerative labour, it is by no means necessary that they should earn the full R6 per mensem in order to justify the particular work, which may at any rate be more remunerative than any other which can be adopted with equal convenience.

The necessary repairs should be carried out and the mill placed in proper working order. The recent arrangement by which the mill, while remaining the property of the Public Works Department, cuts on hire for the Forest Department under the general supervision of the Forest Officer, works satisfactorily and no change seems called for. With the earnings of the mill increased to R1,500 and the current working expenses reduced to R1,000 or R1,100, there will be a margin of R5,000 a year to meet the capital outlay which is now necessary, of perhaps some R25,000. I am not in a position to furnish more than a rough approximation of the outlay necessary to put the mill in thorough working order.

A small saw-bench, worked by a portable engine, is also employed in the forests chiefly on sawing gurjun. The arrangements in regard to its supervision and working are precisely the same as those in force for the Chatham mill. Its output is about 30 tons of converted timber a month.

30. *Recommendation regarding the logging of timber in the forests.*—There is a tendency to extract the timber in too short lengths. The maximum length is about 18 feet, whereas there ought to be no difficulty in extracting the medium and smaller girth logs in 24-feet lengths or even more, averaging not less than a ton each, and the extraction of these sizes should be aimed at.

31. *Suitable dimensions of timber converted at the mills for export.*—Three-quarter and even half-inch boards of gurjun and other kinds are cut up for export. In my opinion, it would be advantageous to restrict the sizes to those most commonly used in Europe for deals, *viz.*, 11″×3″, 9″ × 3″, 7″×3″, with the addition perhaps of a few scantlings 12″ × 4″, 6″ × 4″, 3″ ×2″, &c.

These sizes should meet all ordinary requirements when sawn into smaller sizes on arrival at their destination, and the risk of damage and deterioration in transit would be considerably lessened. If the trade could be induced to accept these standard dimensions, the work of conversion would be simplified and transport would be facilitated.

The possibility of supplying complete tea-boxes for the Calcutta market should also be kept in view.

32. *Sales.*—Sales of timber to local Departments, which last year absorbed 2,386 tons, inclusive of 434 tons of padouk, are regulated by a local tariff as follows:—

Classes.		R			
I.	Padouk	30 per ton in the log.			Raised by one-fourth if squared.
I.	Pyimma, Lakuch	25	„	„	
III.	Toung-peing-ngè, Gangaw, Mohwa, Thitmin, Thingan	20	„	„	
IV.	All other kinds except class V.	15	„	„	
V.	Marblewood, Chuglum	I class rate × 2			
	Burma boxwood	(*Murraya exotica*), I class rate × R20.			

The latest all-round rate obtained in London for padouk was £7-10-0 per ton, which, converted into rupees at the current rate of exchange, amounted to R107. In Calcutta, the average rate varied from R67 per ton for squares to R76 per ton for planks. The net profit after deducting all expenses is calculated at R38 per ton on London sales. The profit on Calcutta sales is actually less, but represents a higher percentage of the sale-proceeds. The prices obtained in London are very much below those for which the early consignments were sold seven years ago, and it is believed that more recent shipments have not been of such uniformly good quality and colour as it is desirable to send. The cargo in preparation for the *Harrington*, part of which I inspected, contained many squares the heart-wood of which had begun to decay, and the colour of which was bleached. By a more careful selection of the timber for the Europe market, which should be insisted upon, there will, in my opinion, be every prospect of commanding better prices approximating those obtained for the smaller lots in 1883-84.

During the current year the exports to Europe will amount to 1,600 tons, and this figure will be maintained every year, provided sales continue to be effected, and of this there is every prospect. It is also proposed to place 1,000 tons annually on the Indian markets.

33. *Chartering of vessels.*—A difficulty in regard to the home-shipments arises out of the chartering of suitable vessels. It has been urged by the Superintendent of Port Blair that Government would gain if arrangements could be made by which the yearly supply of 1,000 tons of coal required by the Settlement as a coaling station were sent out, with regularity every year, in a ship of that tonnage or of 1,500 tons, duly chartered to take a return cargo of padouk. This arrangement was in course of being effected in the end of 1888, when, owing to the cargo of the *Anne Main* remaining unsold, it was decided to defer for a time any further shipments of padouk to England. The *Harrington* is now loading, and the *Safir* has been chartered for loading in August this year. It is for consideration whether in 1892 cheaper arrangements cannot be made from home for a vessel to bring out coal about that time and return with timber.

34. *Indian markets and desirability of encouraging local merchants to take up the trade.*—The chief Indian market so far is Calcutta, but an attempt has been made to introduce padouk into Madras. It is very doubtful if this will succeed, owing to competition with Coorg and other forests of the continent. In my opinion, an effort should be made to induce the local merchants living on Ross Island to take up the padouk trade with India and buy direct from us at Port Blair. There are several such men, one of whom at least is said to have capital. They have been dealing in gurjun planks and have bought and exported to Calcutta the whole outturn of this wood from the Chatham mill, amounting to 1,000 tons. Padouk, selling in Calcutta from R70 to R80 a ton, must offer a wider margin for profit than does gurjun, selling at from R40 to R50. The freight and expenses are the same, while the difference in price at the mill will be less than R30.

35. *Minor produce.*—The only revenue, beyond a few rupees from self-supporters on account of bamboos and thatching leaves, realized from the sale of minor forest-produce, is that derived from canes, which are exported to Calcutta. They bring in some R800 to R900 annually.

CHAPTER VI.

Financial Forecast.

36. *Past results and present Budget Estimate.*—The results of the past six years' working have been as follows:—

	Receipts.	Charges.	Surplus.
	R	R	R
1884-85	64,670	43,565	21,105
1885-86	66,603	34,132	32,471
1886-87	71,198	58,298	12,900
1887-88	1,04,062	62,679	41,383
1888-89	1,06,075	57,295	48,780
1889-90	1,62,195	94,975	67,220

and the estimates sanctioned are:—

1890-91	1,78,000	1,37,000	41,000
1891-92	2,89,000	1,61,000	1,28,000

These figures are satisfactory as showing a steady increase in both Receipts and Surplus. But it must be allowed that the marked increase expected in 1891-92 is mainly due to two cargoes of padouk (1,600 tons) being shipped to Europe in 1890-91, instead of one (600 tons) as heretofore; and it has still to be seen whether the market is as yet sufficiently established to absorb such quantities regularly. The cargo shipped by the *Harrington* in January 1890 consisted of 650 tons, reached home about May, and was completely disposed of by the end of December last.

37. *Only the results in the immediate future can be estimated.*—The financial prospects of the Department cannot be foreseen at present beyond the period for which estimates have been framed. Broadly stated, the sale at prevailing rates of 400 tons of padouk in the Indian markets and 600 tons in Europe, together with the supply of local requirements to petty traders and to Settlement Departments in accordance with the tariff in force, represent a gross income of a lakh-and-a-half, with an expenditure of R90,000. The sale of 1,000 tons in the Indian markets and 1,600 tons in Europe will increase the receipts to nearly three lakhs and necessitate an expenditure of not less than two lakhs, if the outlay on works of improvement in view to the augmentation of the capital value of forests, advocated in this Report, is regularly incurred. It would be unsafe to speculate on more distant prospects till more has been ascertained regarding the possibilities of the markets.

CHAPTER VII.

General Remarks.

38. *Establishments.*—The Deputy Conservator in charge has hitherto been too exclusively employed on supervising the extraction, conversion, and shipment of timber, to the neglect of more important duties connected with the exploration and valuation of the forests and their systematic working and improvement. The circumstances of the Andamans, in which the labour is not free and the subordinates are self-supporter convicts or their relatives, are quite exceptional, and necessitate an exceptional amount of supervision by officers in order to ensure the performance of proper tasks. This doubtless explains why, notwithstanding the repeated orders of Government on the subject and

several changes in officers, so little is known of the forests outside the narrow limits of the Settlement. If the recommendations now made are to be carried out, it will, in my opinion, be necessary for the Superintendent to obtain sanction to the employment of one officer of Lower Control (Extra-Assistant Conservator), who will relieve the Deputy Conservator of much of the supervision of working-gangs, of the mills, and of the shipping business, and also be useful in carrying out the demarcation and other measures proposed for the forests within the Settlement. There can then be no legitimate excuse for further delaying the thorough examination of the forests of the main and other islands, the need for which work the Government of India have constantly brought to notice. The Extra-Assistant, like the Deputy Conservator, should be borne on the list of some Province, where he would receive promotion when due; and I venture to suggest, for the consideration of the Superintendent, that an officer deputed from Burma, with some knowledge of the work there and of the language, would be likely to be more useful than one deputed from Bengal.

The Subordinate Executive Establishment of Foresters (there are at present five) must, I consider, continue, like the Office Establishment, to be locally recruited. I would suggest, however, that selected free persons, who have been educated in the island, might be sent to Dehra to follow the Vernacular Course at the Forest School. They have a sufficient knowledge of Hindustani to benefit by the instruction, and the period of residence at Dehra would be of great advantage to them. A youth who might be sent this year now holds the appointment of Forester, on probation, on ₹15 a month.

39. *Elephants and buffaloes.*—The Department, when the four new elephants about to be purchased have been received, will have a stock of 21 elephants and 21 buffaloes. With these it is proposed to extract, roughly, 8,000 tons in the round and in dubbed squares. This is likely to overtax the dragging and carting power, if not in the next two years, within a very short time, and it will be necessary to increase the number of elephants to 32, or, in order to provide for casualties and allow of a certain proportion being out of work, say, 35. Four buffaloes working in carts may be taken as the equivalent of one elephant; and, therefore, ten more elephants should be provided within the next two years. I estimate that an elephant's working power is about 250 tons a year. It would probably be convenient, as well as economical, if the animals can be obtained, to arrange for their shipment in a single batch.

40. *Steam launch.*—The purchase of a small launch, about 40′ × 8′, with a draft of 2′ 6″ to 3′ and sufficiently powerful to tow small rafts, may also be kept in view. Such a steamer would cost, it is believed, in the Calcutta Dockyards from about ₹10,000 to ₹12,000 and economise labour now expended in towing, by means of rowing boats, rafts from Dhani-Khari to Haddo, some 8 miles, and from other points where timber can be launched in the different creeks, as well as timber from Chatham to the ships and steamers. Another advantage would be that, as the exploration of the islands necessitates the use of one of the sea-going launches of the Settlement, it would often facilitate the making of one of these vessels available for this purpose if there were a Forest Department launch to take up the work required in harbour of the larger vessel.

41. *Ceara plantations.*—These are not under the Forest Department, but I had an opportunity of seeing the plantation at Corbyn's Cove (North), where many of the trees were well grown and self-sown seedlings were numerous,

tending in places to complete the canopy. This natural growth should be encouraged, and a selected number of the older trees might be experimentally tapped under the advice of the Deputy Conservator, and their yield, as well as the commercial value of the rubber, tested.

42. *Office inspection.*—The Office of the Deputy Conservator was inspected and reported upon as prescribed by the Forest Code.

In the 5th paragraph of letter No. 290 F., dated 19th May 1880, from the Secretary to the Government of India, Home, Revenue and Agricultural Department, to the Chief Commissioner of the Andamans and Nicobar Islands, a hope was expressed that it might be possible to arrange for the occasional inspection of the work, perhaps every second year, by Mr. Ribbentrop, who was then Conservator of the Pegu Circle. It occurred to me that such an inspection, periodically, by the Conservator of the Pegu Circle would be most useful, and, having discussed the matter with Colonel Cadell and obtained his approval, I have to suggest that the Government of India should take steps to induce the Chief Commissioner of Burma to make the services of the Conservator available for the purpose. As steamers run at present, the visit would involve an absence of fourteen days from Rangoon, but advantage might often be taken of a direct Government steamer, in which case the visit would not occupy more than a week.

43. *Summary of recommendations.*—The following is a resumé of the proposals made in the foregoing paragraphs :—

(*a*) *Para. 7.*—Forest land to be declared and to be permanently maintained and protected as Reserved Forests, under Regulation III of 1876, in view to meeting local and other requirements.

(*b*) *Para. 9.*—One hundred and twenty square miles to be so reserved within easily accessible limits.

(*c*) *Para. 10.*—The firewood supply to be further supplemented, in time, by the reservation of compact stretches of mangrove forest not intended for cultivation.

(*d*) *Para. 12.*—Reserves to be clearly demarcated and entered in existing maps.

(*e*) *Para. 15.*—Valuation-surveys to be insisted upon on the lines followed in Burma.

(*f*) *Para. 16.*—Working-Plans, of a somewhat complete character, to be drawn up for the 120 square miles of proposed Reserves.

(*g*) *Para. 17.*—Working-Plans of a more simple description to be drawn up for other forests.

(*h*) *Para. 18.*—Special guards to be placed in the forests adjoining self-supporters' villages in order to prevent the illicit felling and removal of produce.

(*i*) *Para. 19.*—Roads to be made in advance for the extraction of timber : Goplakabang road to be extended in a northern direction. Dhani-Khari tramway to be extended by one mile.

(*j*) *Para. 21.*—The main efforts of the Department to be directed towards stimulating the natural reproduction of padouk : clearances of undergrowth and girdling of other trees to be systematically carried out.

(*k*) *Para. 23.*—Not less than 150 acres, and if possible 300 acres, of plantations to be treated annually : teak and padouk to be

planted in alternate lines, instead of alternately in the same line.

(*l*) *Para. 24.*—Regular and systematic weedings to be made.

(*m*) *Para. 26.*— Sixty per cent. of the net profits realized from the working of the forests should be utilized in enhancing the capital value of the forests, by improving the means of export and carrying out cultural operations.

(*n*) *Para. 27.*—Arrangements should be made for keeping always in the forests a stock of 6,000 to 10,000 girdled padouk trees: light-woods which deteriorate rapidly not to be girdled, but a limited number of hardwood trees for which there is a demand to be girdled at the same time as the padouk trees.

(*o*) *Para. 28.*—Conversion of padouk timber to be given preference to at the Chatham saw-mill; but a supply of gurjun logs to be kept in hand for conversion.

(*p*) *Para. 29.*—Necessary repairs to the saw-mill to be carried out and the mill placed in proper working order.

(*q*) *Para. 30.*—The smaller girth logs extracted should be 24 feet in length or even more.

(*r*) *Para. 31.*—Gurjun and other kinds of timber should be cut up for export in the sizes most commonly used in Europe for deals; supply of tea-boxes for Calcutta market to be kept in view.

(*s*) *Para. 32.*—The timber for the Europe market should be very carefully selected.

(*t*) *Para. 33.*— Cheaper arrangements to be made in 1892 for the chartering of a vessel to take padouk to England.

(*u*) *Para. 34.*—The local merchants on Ross Island should be induced to take up the trade in padouk with India.

(*v*) *Para. 38.*—An officer of the Lower Controlling Staff (Extra-Assistant Conservator) to be appointed to serve under the Deputy Conservator: he should be deputed from Burma, with some knowledge of the work there and of the language.

(*w*) *Para. 38.*—Selected free persons, educated in the island, to be sent to Dehra Dun to follow the Vernacular Course at the Forest School.

(*x*) *Para. 39.*—Ten more elephants to be provided within the next two years.

(*y*) *Para. 40.*—The purchase of a small steam-launch to be kept in view.

(*z*) *Para. 41.*—The natural growth of Ceara-rubber trees to be encouraged: a selected number of the older trees to be experimentally tapped.

(*aa*) *Para. 42.*—Periodical inspection by the Conservator of the Pegu Circle in Burma.

H. C. HILL,

Offg. Inspector General of Forests.

CALCUTTA,
25th February 1891.

Government of India Central Printing Office.—No. 1050 R. & A.—24-6-91.—200.—H. R.

MILLOWNERS' ASSOCIATION,
BOMBAY, *7th January* 1896.

To

J. M. CAMPBELL, ESQ., C.S., C.I.E.,
Collector of Land Revenue, Customs and Opium,
BOMBAY.

SIR,

In accordance with the request conveyed in a letter from the Under Secretary to Government, Revenue Department, No. 8810, of 11th November 1895, I am directed to respectfully submit to you, for the information and consideration of Government, the opinions of the Bombay Millowners' Association on certain papers laid before Her Majesty's Secretary of State for India, setting forth the objections by representatives of cotton manufacturing interests in the United Kingdom to the cotton duties levied in India.

2. These papers are forwarded as accompaniments to a letter from the Government of India, Finance and Commerce Department, No. 5185-S. R., dated Simla, 30th October 1895, which concisely summarises their arguments in support of the contention that the cotton duties, as levied, have the effect of protecting Indian against British industry, as follows :—

(1) That Lancashire exports to India a certain quantity of yarns of No. 20 and lower counts and fabrics woven from such yarns which pay an import duty, whereas the same yarns spun and fabrics woven from them in India are exempt from excise.

(2) That, in the case of woven goods made from excisable counts of yarn, the Indian manufacturers pay duty only on the grey yarn values of the goods, whereas the imported goods are weighted with duty on the value of the goods as completed.

3. The Government of India further express the desire that the Association in its reply should avoid, as far as possible, any discussion of the relative elements which enter into the cost of English goods and Indian goods respectively, as likely to serve no good purpose, and address itself mainly to the points—

(1) Whether any, and if so what, new difference is imported into their relative cost by the amount or method of taxation ;

(2) Whether that difference has the effect of favouring one industry as against the other ; and if so,

(3) Whether, and how, that difference should be eliminated.

4. The Government also indicate that it would be of assistance in the consideration of the question if the Association would state its views generally not only as to whether there is any protective effect which requires remedy, but also as to what remedies can be applied without disturbing the course of trade ; and they conclude with a request for information as to the extent to which bleached and printed goods of Indian manufacture compete with imported goods.

5. Agreeing with the Government of India as to the advisability of avoiding the discussion of matters having no direct bearing on the question at issue, the Association will, so far as may be compatible with a full analysis of, and reply to, the statements and objections submitted; endeavour to adhere to the lines indicated in the covering letter ; but the ground opened up by the papers is so wide, the arguments adduced so diffuse in some respects, so carefully circumscribed in others, and the figures quoted in support of them so intricate and liable to misconception by non-experts, that an exact adherence to the condensed points laid down by the Government of India would be exceedingly difficult, if not practically impossible.

6. In the examples selected, for instance, purporting to show by detailed comparative statements of the same goods manufactured in England and India, the protective incidence of the import duty *versus* excise, with the one exception of grey drills, none of the English cloths selected are ever made, or ever can be made, to a profit in India from Indian cotton, and the deductions are accordingly absolutely fallacious and misleading. The cloths which the Indian manufacturer, it is suggested, would produce in substitution for the English descriptions, would be relatively on about a par with a comparison between an ammunition boot and an Oxford shoe. The cloths would both be made, or presumably made, of cotton, and both would be used as articles of clothing in the same way as the boot and shoe would respectively be made of leather and both used as foot coverings, but the comparison would not go further in the one case than the other. The yarns used in the manufacture of the Indian cloth would be no nearer those used in the English piece than the leather in the ammunition boot would be to that used for the Oxford shoe, nor would the one cloth act more as a substitute for the other. The only fair basis of comparison in statements of this character would be to select identical cloths made in England and India from the same, or even approximately the same, counts and weights of yarn, and that such a manifestly equitable and indeed essential comparison is nowhere attempted except in the one isolated case of grey drills,—the English makes of which form an insignificant and almost inappreciable proportion of the cotton goods imported and the total imports of which have not been adversely affected by the duty,—may be accepted as fairly conclusive evidence, equivalent to a practical admission that no such cloths exist.

7. That this is so, and that there is no competition worthy of the name between the cotton yarns and goods made in England and India respectively, this Association has always contended, and it is on this assumption and the statistical facts which support it that the entire scheme of the excise levied on cotton manufactures in India has been based. If there is no real competition there can be no real protection, and when the representatives of the cotton manufacturing interests in England come forward to prove the existence of protection, the first and best evidence to that end would be a straightforward statement of the various yarns and goods in which the competition exists. On the one hand there is the definite distinct statement that the limit of excise and method of levying it have been fixed as it now stands, because there is no practical competition, and surely the head and front of any criticism of, or reply to, such a statement should have been an equally definite list of the goods in which such competition existed, or would be induced by the operation of the import duty and excise. Without some such basis to go upon, it is idle to argue and impossible to admit that competition and concomitant protection exist, and this Association contends that, in the absence of definite information on this point, no representation is worthy of the serious consideration of Government, no specific case having been made out, which involves the condition under which Her Majesty's Government were pledged to intervention.

8. It is certainly stated in the papers that 250 millions of pounds weight of yarn of 20s and under is made annually in England, but it is nowhere asserted that more than a very limited portion of that is destined for, or in any form finds its way to, Indian markets. Our statistical information enables us to say that it does not come to us in the shape of yarn, and although we have not the same absolute certainty as to woven goods, it is sufficiently well known that, save in the one instance of drills, it is not present to an appreciable extent in the cloth imported. If any misapprehension existed on this point, it was the manifest duty of the representatives of the English cotton manufacturing interests to remove it, and they would have had no difficulty in doing so, as English spinners and manufacturers are perfectly informed as to the ultimate destination of their production. That they have not done so, or perhaps it would be more correct to say that they have only been able to do so in the case of drills, would alone be sufficient to dispose of any allegation that competition either does or can exist in yarns of 20s and under, or goods made from them, while, as to goods woven from higher counts, there is not only no instance given of existing competition, but no suggestion of possible competition in the future except by means of substitution. In other words, leaving out drills, the whole case against the relative incidence of the import and excise duties, as put

forward by the representatives of the English cotton interests, rests upon substitution and the possibilities of competition thereunder.

9. The exaggerated importance attached to the so-called law of substitution will be dealt with when the respective papers are discussed separately and in detail; its potentiality and the extent to which it might operate are aptly enough illustrated and in no way minimised in the parallel already instituted, but it here claims attention from the fact that it is the one point on which the papers make any reference to the experience gained and the results ascertained from the operation of the import duties in the past.

10. Import duties are not new to India, and their partial removal in 1878 and total abolition on cotton manufactures in 1882 are sufficiently recent events to permit of their effect on trade being easily ascertained and understood. No countervailing excise then existed to minimise their influence or confuse the issues, and if the effects of the tax were even within measurable distance of what the English cotton representatives allege as directly attributable to the legislation of 1894, they must have been written broadly and unmistakably on the pages of the trade records of the time. Imports of English cotton goods and especially yarns should have shown a rapid and immediate development when relieved of the repressive impost, and Indian cotton spinning and weaving should at the same time have received and evidenced a decided temporary, if not a permanent, check. Had this been the case, the representatives of the English cotton trade would have been fairly entitled to appeal to the records and experience of the past thirteen years in proof of their present contentions. But nothing of the kind occurred. The import trade of the country, apart from temporary fluctuations, showed only a steady natural increase; while the Indian industry, so far from being adversely affected, seemed to receive a remarkable impetus for good; the increase in the number of spindles which, for the five years preceding the abolition of the duty, had only been 331,108, being 1,131,584 spindles for the five years after 1882 when the duty was abolished.

11. In thus ignoring the experience of the past, the Association holds that, as already remarked, the arguments in support of the English case, as contained in the papers under criticism, are carefully, if not unduly, circumscribed; while in suggesting that the effect on the trade, which really involves the entire question at issue, should be judged upon the statistics of the first few months of the present year against the corresponding months of 1894, when the trade was inflated by the exceptional influences of high exchange and the rush to import goods before the imposition of the duty, the compilers of the papers are scarcely in accord with their appeal for justice so conspicuously emphasised.

12. When statistics are depended upon as an index to, or explanatory of, the true course of trade, it is usual to select either years at certain stated intervals or, better and more reliable still, averages of periods sufficiently extensive to avoid true results being obscured or perverted by merely temporary influences. For instance, when the Secretary of State for the Colonies recently called for returns from Colonial governments to show whether foreign imports were displacing similar British goods, he asked for figures of three named years at equal intervals of five years. It may perhaps be said that the short period, which had elapsed between the imposition of the duty and the preparation of the English case, did not permit of a longer period being taken for comparison, but this is no reason for it being restricted to the one year immediately preceding ; and it will be perceived from the figures which the Association now supply that, when fairly analysed, the statistics at once dissipate the allegation that the imposition of the 5 per cent. duty on cotton goods and yarns imported into India is the sole cause of, or even contributes in a material degree to, the several causes which, combined, are at present depressing the Lancashire cotton trade. That some branches of the Lancashire cotton trade are undergoing a period of great depression is undoubtedly and regrettably true, but that it arises from any discrepancy in the relative incidence of the import and excise duties in India is not true. Even were that influence all that the English figures and statements claim, it could but amount to a small percentage on a few descriptions of goods in limited consumption, the effect of which would be lost in an entire trade where the raw material has undergone fluctuations to the extent of 60 per cent. within the year and sometimes 10 per cent. in a few hours. It is equally incorrect to say that the English manufacturers' loss has been the Indian millowners' gain, for, at this time of writing and for some considerable time past, it has been impossible to buy cotton in Bombay at the market price of the day, turn it into yarn, and sell it at the market price of the day to a profit. Where mills not producing specialities have recently earned profits, it has been owing to fortunate speculative operations in anticipation, either in buying the raw material cheap or selling the manufactured article dear.

13. While offering these observations on the methods that have been followed in drawing up the case for the objectors, it may not be inopportune at this stage to solicit attention to the significant omission from the papers of all reference to the important fact that the trade of the Bombay mills is mainly an export trade. By this omission it is tacitly assumed, and people, unaware of the facts, would be led to believe, that in discussing the incidence of the respective duties, import and excise, the question is one in which the entire production of the mills competes directly or indirectly in Indian markets with English yarns and

fabrics, whereas from 70 to 80 per cent. of all the yarn spun by the Bombay mills is exported and finds markets where Lancashire and Bombay compete on equal terms. The question of competition and protection is not only to that extent restricted, but the import duty paid on the stores consumed in the manufacture of that portion of the production as also, in addition, the import duty on the stores consumed in the manufacture of the cloth exported, constitute a protection in favor of English spinners and manufacturers, which must be treated as a set-off, and not an unimportant one, against any slight protective incidence which may result from the mode of levying the excise on yarns only above 20s, as compared with the import duty levied on cloth in its manufactured state.

14. The Association will now criticise and answer in detail, according to the order in which they are numbered, the various papers which constitute the basis on which the representation is mainly founded. But it will materially shorten this process and obviate the necessity of repeating at different places the same argument, if before doing so an answer is first given to para. 7 of the Government of India's letter No. 5185-S. R. of 30th October 1895, respecting the extent to which bleached and printed goods of Indian manufacture compete with imported goods. To that enquiry the answer must be, that there is absolutely no competition whatever, there being neither bleaching nor printing works in the country. A considerable amount of block-printing is done and has been done from time immemorial by hand, but the methods practised are so antiquated and cumbersome, and the productions so crude, that they cannot be considered as competing with European goods. As regards both bleached and dyed and printed goods, therefore, the Association does not propose to submit either criticism or suggestion.

15. To avoid useless repetition and prolixity in reference, the paragraphs in each paper are numbered in accordance with the copies hereto appended.

PAPER No. 1.

16. The issues raised in this paper are extremely confused by dyed and printed goods and dyed and turkey-red yarns being referred to indiscriminately, but, so far as they admit of being formulated, they appear to be that, as regards dyed yarns imported into British Burma from India—

(1) The British importer has to pay more than double the tax which is paid by his Indian competitors.

The British dyer pays duty on 9½ annas per lb., from which the Indian buyer is exempted.

They (the British dyers) are subject to a direct tax on at least 8 annas per lb., from which the Indian dyer is exempted.

(2) That the trade is a very large one.; the exports of dyed yarns and cloth to India being 20 million pounds ; the imports of alizarine from Germany into India having increased from 1,498 tons in 1889 to 3,314 tons in 1893; and that there were exported from Indian ports to Rangoon last year about $1\frac{3}{4}$ million pounds of dyed yarns.

17. For the sake of convenience it is desirable to take No. 2, the extent of the trade, first. Separate statistics are not available of the dyed goods and dyed yarns imported in pounds, but the bulk of the 20 million pounds mentioned may be taken as made up of dyed and printed cloths with which, for reasons already given, it is unnecessary to deal, and this also disposes of paragraph 12, no cloth being woven in India from imported yarns except by hand-loom weavers.

18. But the real objections in this paper are concerned more particularly with the yarns exported from Bombay to Rangoon. Regarding these it is impossible to obtain figures from the Custom House returns, but from private sources it has been ascertained—no earlier figures are obtainable—that the exports of all dyed and turkey-red yarns to Rangoon were—

1894—Six months, July to December	604,000 lbs.
1895—Ten months, January to October	542,000 „

19. This can scarcely be called a large trade, nor does it appear to be an increasing one, and when allowance is made for the fact that the Government of India have already reduced the import duty on dyed yarns of 20s count and under to a half per cent., its importance is not sufficient to demand special consideration, much less special legislation. Its insignificance may be further inferred from the fact that the two dye-works in Bombay in 1893 only consumed about 140 tons of alizarine out of the 3,314 tons imported.

20. As to No. 1, the amount of protection enjoyed by the Indian dyer in goods shipped to Rangoon is magnified by taking 15 annas per lb., the full price of the best English turkey-red yarn as the price all round, Indian turkey-reds being $2\frac{1}{2}$ annas per lb. less, but the shipments from Bombay to Rangoon consist chiefly of fancy colours—greens, yellows, benzo-purpurine and congo-reds, &c.—the average value of which would be about $10\frac{1}{2}$ annas per lb. How the result is arrived at, that the British importer has to pay more than double the tax of his Indian competitor, there is nothing to show, but the untaxed $9\frac{1}{2}$ annas is shown by the simple process of deducting $5\frac{1}{2}$ annas per lb.—the tariff valuation of the grey yarn—from 15 annas and ignoring the cost of chemicals, packing, and other

charges. In paragraphs 8 and 9 it is suggested that in Indian dyeing a large portion of the dye-stuffs used are native products, on which no duty is paid, instancing indigo and catechu. What hand-dyers use it is impossible to say, but in the two Bombay dye-works this is not the case, practically all the chemicals used being imported articles. Indigo and catechu are only used in dyeing blues and browns. Of the latter, none have been shipped from Bombay to Burma during the past two years, while blues have only been about 8 per cent. of the exports. A fair estimate of how the import duty falls at present on Indian-dyed yarns would be—

			As.	ps.
Selling price			10	6
Deduct—Duty paid on—				
	As.	ps.		
Grey yarn	5	6		
Chemicals, paper, mill-boards and twine	2	0		
			7	6
			As. 3	0

21. The Indian dyer has, therefore, 5 per cent. on that or ·15 anna per pound in his favour if the question of coal be left out entirely. That may, as mentioned, be a very small item in the Vale of Leven where it probably can be had at 6*s*. to 7*s*. per ton or even less, but in Bombay it costs at least 20*s*. per ton and constitutes something like 12½ per cent. of the cost of dyeing turkey-red and 8 per cent. of the cost of dyeing fancy colours.

22. Taking that into account and the very limited amount of trade involved in yarns over 20s, the question at issue is insignificant.

Paper No. 2.

23. This paper purports to show how Lancashire is *likely* to be affected by counts 20s yarn or under being excise free, and it is significant to note in connection with the preliminary observations as to the method adopted in compiling the representation, that it only essays to prove what, in the writer's opinion, is likely to take place in the future and nowhere gives an instance of existing competition and resulting protection. But if the value of that opinion is to be gauged by the same standard of credibility as the statements and examples on which it is founded, the injury to Lancashire is not likely to be of a very serious character.

24. To begin with, the writer, in paragraph 2, makes a statement which he surely cannot have verified by actual reference when he states that he finds "in the Blue Book entitled 'Papers relating to the Indian Tariff Acts, 1894,' "page 8, a practical acknowledgment that Lancashire might compete with "India with American cotton at 3*d*. per lb." No such acknowledgment was ever made. What Sir James Westland actually did say was, that "it would

"obviously never pay Manchester to use up American cotton at 4*d.* a pound in "making a class of goods which their Indian competitors can make up as well "out of cotton that only costs 3*d.*" The enormous difference which exists between these two statements is apparent at once even to non-experts, but the importance of the misrepresentation is only fully apparent when it is seen that it is carried through the whole of the paper, taken as the basis for all calculations and necessarily colours the deductions in every example, the manifest absurdity being assumed that, when American cotton declined in value, Surats remained stationary. In taking the prices named Sir James Westland was clearly, for the purpose of illustration, speaking in round figures, but that in so doing he was in no way instituting an unfair comparison will be seen from the following statement of the average prices of standard qualities of American and Indian cotton during the past five years :—

Average prices of Mid-Uplands and Good Dhollera in Liverpool from 1891 *to* 1895.

	1891.	1892.	1893.	1894.	1895.
	d.	*d.*	*d.*	*d.*	*d.*
Mid-Uplands	$4\frac{5}{8}$	$4\frac{17}{64}$	$4\frac{1}{2}$	$3\frac{11}{16}$	$4\frac{3}{64}$
Good Dhollera	$3\frac{25}{32}$	$3\frac{19}{32}$	$3\frac{15}{16}$	$3\frac{3}{64}$	$3\frac{11}{32}$
Difference	$\frac{54}{64}$	$\frac{43}{64}$	$\frac{36}{64}$	$\frac{41}{64}$	$\frac{45}{64}$
Percentage of difference ...	18·24	15·75	12·50	17·37	17·37

Average difference ... ... 16·24 per cent.

25. To this percentage of difference, to make a fair comparison between the Lancashire and Indian spinner, has, of course, to be added the cost of laying down Indian cotton in Liverpool, which, on the average price of Good Dhollera as quoted, is not less than 8·50 per cent., making an average difference of 24·74 per cent. as against Sir James Westland's 25 per cent. As a matter of fact, on 15th February 1895, when American cotton was quoted in Liverpool at 3*d.* per lb.

Good Dhollera was quoted at	$2\frac{9}{16}$d.	per lb.
a difference of	$\frac{7}{16}$	per lb.
or	17·07	per cent.
Add—Cost of shipping to, and delivery in, Liverpool.	10·65	„
Actual difference between working cost of Indian and Lancashire Spinner against the latter ...	27·72	per cent.

26. Totally ignoring this difference, the writer of the paper concludes paragraph 2 with the remark : "The deduction is, therefore, obvious that Lanca-"shire with American cotton at 3*d.* per lb. can spin 20s yarn or under at a less "cost than the Indian spinner can spin the same counts from Indian cotton." The obvious retort to this statement would be to enquire why English spinners, during the 16 years between 1878 and 1894, when no import duty on 20s existed, have not only neglected to avail themselves of the large profits they could have earned by supplying the Indian markets to which they have sent nothing, but have left to the Indian mills the practical monopoly of supplying China with low counts. According to Mr. William Noble, the reason was, because American cotton was not 3*d.* per lb.; but the real reason is to be found in the following tabular statements showing what, irrespective of import duty, it actually costs to make 20s yarn out of American cotton and lay it down for sale in Bombay as compared with the cost of spinning it in Bombay out of Indian cotton.

27. The price of Mid-Uplands on 14th December 1895 is taken from Reuter's telegram, and of Surats from the Bombay Cotton Trade Association official prices of same date. Exchange from brokers' circular of same date.

Cost of spinning 20s yarn in Lancashire from Mid-Uplands and delivering same in Bombay in Rupee value.

		d.	
Cotton Mid-Uplands at 4⅛*d.*, less 1½ discount, plus 10 per cent. wastage gives	per lb.	5·00	
Spinning and bundling	„	2·00	
Freight, insurance and shipping charges	„	0·26	
Total cost in sterling ...		7·26	
At exchange 1*s.* 1⅛*d.* ...	Annas		8-4·46

Cost of spinning best 20s yarn in Bombay.

Cotton one-third Fully Good Bhownuggur ...	at Rs.	215	
„ „ „ „ Khangaum	„	213	
„ „ „ „ Khandeish	„	198	
		3/626	
	Rs.	209	
Average at Rs. 209 per candy, less 5½ per cent. discount, plus 18 per cent. wastage per pound	Annas	4-10·98	
Cost of spinning	„	1- 4·00	
Total cost per lb. ...	Annas		6-2·98
Difference per lb. ...	Annas		2-1·48.

or 25½ per cent. less than cost of 20s yarn spun from American.

28. The price of Mid-Uplands on 15th February 1895 is taken from Reuter's telegram, and of Surats from the Bombay Cotton Trade Association's official prices of same date. Exchange from brokers' circular of same date.

Cost of spinning 20s yarn in Lancashire from Mid-Uplands and delivering same in Bombay in Rupee value.

			d.
Cotton Mid-Uplands at 3*d.*, less 1½ discount, plus 10 per cent. wastage gives	per lb.		3·25
Spinning and bundling	„		2·00
Freight, insurance and shipping charges	„		0·26
Total cost in sterling...			5·51
At exchange 1s. $0\frac{3}{16}d$....		Annas	6-10·57

Cost of spinning best 20s yarn in Bombay.

Cotton one-third Fully Good Bhownuggur	at Rs.		158
„ „ „ „ Khamgaum	„		155
„ „ „ „ Khandeish	„		146
			3/459
			153
Average at Rs. 153 per candy, less 5½ per cent. discount, plus 18 per cent. wastage, per lb.		Annas	3-7·18
Cost of spinning	„		1-4·00
Total cost per lb....		Annas	4-11·18
Difference per lb....		Annas	1-11·39

or 28 per cent. less than cost of 20s yarn spun from American.

29. As against these comparisons it may be alleged that 20s yarn would not be spun in Lancashire out of such expensive cotton as Mid-Uplands, but this argument, except to a very limited extent, is fallacious, as a cheaper mixture would mean an equivalent increase in wastage. In the same way the Bombay mixing selected is a particularly good one, better than is generally used, but if cheapened in price, the wastage would be greater. Relative values of different descriptions of cotton, in fact, are mainly based on the amount of waste which they respectively give in spinning, so long as the staple is long and strong enough to produce the required yarn without an undue expenditure in spinning, which is the case with the bulk of Indian cotton up to 20s. These figures, so far as Bombay costs and shipping charges on English yarns, are not hypothetical statements, but actuals that can be verified by real transactions, and may, the Association considers, be taken as fully disposing of the possibility of competition between Lancashire and Bombay in yarns of 20s, and practically, therefore, also of goods made from such yarns. The difference is a geographical one and is made up of the cost of sending the raw material to England and bringing back the manufactured product. Were the position what Mr. Noble alleges it to be, Bombay spinners would import and spin American cotton, the respective merits and day-to-day relative values being no hidden secrets.

30. The paper then proceeds to deal with the manufacture of yarn into goods, preliminary to which it discusses in paragraphs 4 and 5 the cost of dutiable stores used for the purpose in Indian mills. Some stress is laid in this connection on a quotation from the Blue Book previously referred to, to the effect that the dutiable stores used in an Indian mill came to about 25 per cent. of the cost of production, upon which 5 per cent. would amount to a 1¼ per cent. tax. The remark was made by Sir Griffith Evans, who was right in the first part of the statement, as the value of the dutiable stores does come to 25 per cent. of the cost of production, but made a perfectly natural error, for a non-expert, in speaking of the 5 per cent. duty on the fourth of the cost of production as 5 per cent. on the fourth of the value of the cloth.

31. By taking the expenditure of an English mill and adding on varying percentages, the writer of the paper arrives at the conclusion that the duty on imported stores used in Indian mills is equivalent to ·005*d.* per lb., but to leave no doubt on the subject, the Association has obtained statements of actual expenditure on cloth woven from four leading Bombay mills operating in the aggregate 2,890 looms, which gives an average result of ·016d. per lb., equivalent to ¼ per cent. on the value of the cloth, taking the average selling value at annas 7½ per lb. Lest any exception should be taken to the correctness of these figures, I enclose for your satisfaction copies of the statements received from the respective mills, but would ask that they should not be published as the companies are naturally averse to their respective costs of working being made public.

32. The writer then goes on to give examples of goods made in England and India respectively, but instead of basing these on actual figures, which for costs of yarn there would have been no difficulty whatever in doing, he assumes a basis which embodies, as regards 20s yarns, the false hypothesis with which the paper started and which has already been disposed of by the figures showing the costs of English and Indian made 20s yarn respectively.

33. But as showing the dependence to be placed on the illustrations given in this paper, the Association considers it advisable to test how cloth made from 20s/20s yarn really works out, taking Mr. Noble's own figure

of cost	38·74*d.*	a piece.
His expenses at 26 per cent. come to	10·07*d.*	„
leaving	28·67*d.*	

as the cost of the yarn in the piece. Now an 8¼ lb. cloth, 24 yards 13 reed 13 pick, would contain of 20s yarn 58·1 oz. of warp and 55·8 oz. of weft,

together 7 lb. 2 oz., which at 28·67*d.* would give 4·02*d.* per lb. against 4¼*d.*, and the cost of the piece on the latter price therefore would be 40·41*d.*

34. In paragraph 8 the writer states that he will next propose to show how substitution can take place, and instances the alteration in certain goods when cloths made of 30s yarn were in 1878 exempted from duty, but he also states the significant fact that, even at the present time, most goods shipped to India are made from these counts of yarns with only slight variations. In other words, the change which took place was no substitution in the real sense of the word, or in the sense which the English representatives claim they have now to fear as the result of the incidence of import duty and excise respectively, but a change to cloths which consumers preferred. The simple fact was that, when impelled by the difference caused by the duty to try a change in the character of the cloth offered, they made the discovery that they had never previously known the real requirements of the Indian buyer, and that their competition for trade had been developed on wrong lines in endeavouring to offer a cheaper and still cheaper cloth by decreasing the weight of cotton and increasing the weight of size in a piece instead of trying the buyer with a better article. An important demand existed and had existed all along which had neither been suspected nor explored until compelled by pressure from without, and it is quite possible that the trade still holds similar surprises in store for manufacturers enterprising enough to make the test. Nor would it be surprising if Indian buyers evinced a tendency to favor a cloth containing more cotton than Mr. Noble's examples of typical Lancashire shirtings, which, he says, are largely shipped to India and which, as his own figures show, are made with warps loaded with 85 per cent. of size and containing only 54 per cent. of cotton. This preference however, or substitution as the English representatives choose to call it, will only be manifested within certain and very restricted limits as was the case in 1878, when shirtings formerly made from yarns of 32s warp and 36s to 44s weft were supplanted by 30s/30s. The requirements of the consumers of the latter goods, say 30s/30s; 8½ lbs. to 9 lbs., will not be met by a 10¼ lb. piece of 20s/20s, nor yet by the combination which Mr. Noble's other example consists of, and the sample he speaks of, while possibly commanding the preference of Her Majesty's Secretary of State, would meet with a different reception from a native piece-goods expert who would relegate it to a different category; as a cloth suiting an entirely different purpose from the Lancashire sample it was proposed it should supplant, or quite as likely being neither one thing nor another and suiting no purpose at all.

35. But, even assuming the suggested alternatives would answer their supposed requirements, they could not be made on the comparative basis suggested,

as the following analysis will show. Example No. 2 takes a Lancashire cloth, 35 inches 38 yards, 16 × 16, 30s/30s counts, 8½ lbs. substitute of 9 lb. This is

supposed to be produced for	52*d.*
from which deduct expenses	22·10*d.*
leaves	29·90*d.*

as the cost of the yarn which would be 58·58 oz. warp and 56·35 oz. weft, or together 7 lbs. 3 oz., which would give 4·16*d.* per lb. as the cost. The price of a fair quality of 30s cop yarn on the day was not less than 5*d.* per lb., and the cloth must then cost at least 58*d.* per piece, or 11½ per cent. more than stated.

36. The third example is to show how the Indian manufacturer can substitute a cloth for the Lancashire make by using duty-free warps and excisable weft, and for this purpose the same piece of Lancashire cloth is taken as in the preceding example, but the Indian cloth is 35 inches 38 yards, 14 × 16, 20s/30s yarn, to weigh 10 lbs. The yarn in the piece would be 76·89 oz. warp at annas 5½ and 56·35 oz. weft at annas 7 per lb., and the figures would stand as follows :—

	Mr. Noble's figures.	Bombay Actuals.
	d.	*d.*
Yarns	35·01	40·77
Expenses...	17·50	12·66
Excise on weft	·85	1·004
Duty on stores	·06	·016
	53·42	54·45

37. It is only fair to point out that the wide difference between the alleged and actual costs of the Lancashire cloths admit of an explanation, in that the real construction would not be as it is stated to be, that finer yarns containing less weight of pure cotton but heavily sized would be used instead of the counts mentioned; but it seems to this Association that, by suppressing the explanation, an exceedingly doubtful mode has been adopted of presenting the case to non-experts. Under any circumstances, and from whatever point of view the figures may be considered, they cannot be accepted as proving any of the contentions of the English case, and it is interesting to set the results of the analysis against the points which, the writer says, he hopes he has made clear.

(*a*) That Lancashire, with American cotton at about 3*d.* per lb., can produce coarse counts of 20s or under as cheaply as can be done in India.	When American cotton was at 3*d.* per lb., it cost As. 6-10·57 per lb. to lay down in Bombay 20s yarn made from American cotton, as compared with As. 4-11·18 per lb. for 20s made from Indian cotton in Bombay.
(*b*) That the statement in the Blue Book that dutiable mill stores cost 25 per cent. of the cost of production is a fallacy.	The statement in the Blue Book was a mere oversight ; but the duty on stores used in Indian mills in making cloth is more than three times the rate stated in the English representation.

(*c*) That Lancashire can produce cotton goods such as are made in Indian mills at about the same cost.	The examples given on the contrary prove quite the reverse, and, provided the English goods are made of the yarns they purport to be, there is no approach to competition between England and India in either yarns of 20s count and under spun in England or goods made therefrom.
(*d*) That by relieving Indian manufacturers from an excise tax on yarns, 20s and under, there is given to them a decided advantage and great protection which will enable them to produce goods of a quality equal to those made in Lancashire from finer yarns, which can only be admitted into India by paying a duty of 5 per cent. This is giving the Indian manufacturer protection to this amount.	There is no competition in yarns of 20s and under, and consequently no protection, and the examples given prove nothing as to substitution.
(*e*) That the present arrangement of the countervailing duties omits a very important means of raising revenue.	The arrangements of the countervailing excise were never intended for the purpose of raising revenue, and from that point of view alone would be economically as unjust as an excise levied in Lancashire. In fact the moment the excise exceeds or even equals the point at which it balances the import duty without making full allowance for the import duty on all stores consumed, both in yarns and goods exported, and the extra expense and harassment to trade, it becomes protective of Lancashire and penalises India's own manufactures.
(*f*) That goods imported into India with 5 per cent. duty increases the market value of the Indian coarse goods to a like amount, and that the advantage thus derived goes into the manufacturer's pocket and is of no advantage to the Indian consumer.	There is nothing in the previous portion of the paper in support of this conclusion, and it is merely a gratuitous assumption unsupported by a tittle of evidence.

38. The Association sees no necessity for dealing with the extraordinary allegation in paragraph 22, that the servants at the respective mills are appointed the assessors of excise. That is a statement which will doubtless be dealt with by the Government of India. It is also questionable whether any good end is to be served by noticing the remarkable character of some of the other general arguments in this paper. Such, for instance, as that contained in paragraph 7, that for a number of years India has been exceptionally prosperous and can well afford to pay a countervailing excise on cotton goods. To the ordinary mind the financial stress which demands the levy of import duties as a means of restoring the equilibrium between revenue and expenditure is scarcely evidence of prosperity, and that prosperity, if it existed, should be a reason for the infliction of a harassing and inquisitorial tax on the one import-

ant industry of the country is no more an economical sequence. Of a like nature and value is the suggestion in paragraph 23, that India should seek salvation and prosperity in agriculture, presumably leaving the manufacture of cotton goods to Lancashire. The writer loses sight of the important fact, however, that, if from undue taxation or any cause, India should lose ground as a producer of low count cotton yarns and coarse goods, the result would not be to the advantage of Lancashire, but would simply mean the transfer of the industry further east to China and Japan, where the recent extension of cotton spinning quite throws the moderate and gradual increase in India's production into the shade and has had far more to do with the existing depression in England than the Indian import duty.

PAPER No. 3.

39. Consists of four examples of the cost of producing different cloths in England, with a view to showing the protection which the mode of assessing the excise on yarn only would afford to Indian manufacturers if the goods were made in India, which, however, they are not, and for all practical purposes cannot be. Examples II, III and IV consist respectively of bleached, dyed and printed goods, and need not therefore be noticed; and, as regards example No. 1, it is of no practical value, as it gives no details as to what the piece is made of. All that can be said regarding it is that, if the value of the yarn in an 8¼ lb. piece was only 2*s.* 1*d.*, it must of necessity be made of fine yarns heavily sized, and could not, therefore, be made in India at even an approximate to the Lancashire cost; but an 8¼ lb. cloth, if made in India to sell at Rs. 4, would contain Rs. 3 of yarn instead of only Rs. 2·15 as alleged, and the amount on which no excise would be paid by the Indian manufacturer would be only 16 annas per piece or ·8 of an anna instead of 1·48 annas, and this always assuming that the Indian cloth would answer the same purpose and take the place of the English piece, which it could not do, as the two fabrics would have nothing in common but the weight and dimensions.

PAPER No. 4.

40. Is devoted to drills—the one description of cloth that the English representatives have been able to instance as, and so far as the Association is aware, the only one actually made in England of 20s yarns or under and imported into India. This particular cloth occupies a peculiar and unique position among cotton goods, in that it is scarcely worn at all by natives, but almost entirely by Eurasians, Europeans and their servants, and consequently the consumption is less affected by small fluctuations in price, while the quality required for the bulk of what is consumed necessitates it being made of something better than ordinary Surat cotton. While, therefore, grey drill is the special

description of cloth that would at first sight appear most open to competition, it is also the special cloth in which yarns made from Indian cotton cannot be freely employed. If, accordingly, the demand for the Lancashire makes is falling off, it is not owing to the import duty, as their place is not being taken by Indian fabrics but by imported drill liable to the same duty as English. The statistics as to the imports of grey drills show this most conclusively. From the two following tabular statements—the first of which has been kindly made up by Messrs. Ralli Brothers in continuation of the figures supplied by their Manchester house for the paper now under remark—it will be perceived that there is no falling off worthy of special notice in the total imports, the quantity for the first ten months of 1895 being only 176,300 yards below the average of the corresponding ten months of the six previous years; while the decrease in 1895 as compared with 1894 is not nearly so heavy as took place in 1892 after the exceptional imports in 1891. The decline in Lancashire drills from 1st June to 31st October of this year is certainly more marked, but here again we have the fact that this movement had already set in to a very marked extent during 1894 before the imposition of the duty, and it is moreover quite possible that, as in 1891, the deficiency may be rapidly made up by heavy importations in the last two months of 1895 or the beginning of 1896.

Imports of Drills into Bombay.

	Year ending 31st December						Ten months ending 31st October		
	1889	1890	1891	1892	1893	1894	1893	1894	1895
	Bales.	Bales.	Bales.	Bales.	Bales.	Bales.	Bales.	Bales.	Bales.
Total Importations (all Merchants and Dealers)	9,146	10,809	15,264	9,467	11,592	11,961	9,452	8,884	8,225
Ralli Brothers' portion of above	3,408	3,826	7,074	4,975	6,419	5,094	5,695	3,937	2,348
Total of Ralli Brothers' Importation of Drills made in Lancashire	1,395	2,602	3,244	3,500	3,567	2,815	2,945	2,237	1,598
Ralli Brothers' Importations of Lancashire-made Drills in yds.	2,232,000	4,163,200	5,190,400	5,600,000	5,707,200	4,504,000	4,712,000	3,579,200	2,556,800

Imports of Grey Drills into Bombay from Europe and America.

10 months, 1st January to 31st October.	Bales.	Yards as per Chamber's Returns.	12 months, 1st January to 31st December.	Bales as per Ralli Bros.' Statement.	Yards as per Chamber's Returns.
1889	7,526	7,793,320	1889	9,146	9,390,160
1890	8,993	9,067,680	1890	10,809	10,970,080
1891	10,875	10,731,840	1891	15,264	15,153,160
1892	7,661	7,965,360	1892	9,467	9,607,760
1893	9,452	10,653,600	1893	11,592	12,859,360
1894	8,884	10,510,880	1894	11,961	13,594,920
Average ...	...	9,453,780		...	11,929,240
1895	8,225	9,277,480	1895	...	.....

41. But perhaps the most instructive comparison regarding drills is that afforded by the following statement, showing the value of the grey drills imported into Bombay during the five years preceding 1895 and the first eleven months of that year. Unfortunately it is impossible to get the imports of drills apart from other goods for all India, but Bombay is far and away the

chief importer, and it is no exaggeration to say that, if the statistics could be obtained, they would show that on the average they do not amount to more than ¾ per cent. of the total trade in cottons. It is noteworthy that the English representatives do not themselves speak of exports to any other Indian port than Bombay.

Percentage of Grey Drills imported into Bombay on the total value of entire Cotton Goods from 1890 *to* 1895.

Calendar years (1st January to 31st December).	Value of entire Cotton Goods imported excluding Yarns.	Approximate average value of Grey Drills imported.	Percentage.
	Rs.	Rs.	
1890	8,75,64,722	15,21,241	1·73
1891	8,03,80,929	20,83,559	2·59
1892	7,08,68,829	13,51,091	1·90
1893	7,78,42,481	18,63,602	2·39
1894	10,01,13,677	19,43,648	1·94
Average of the 5 years	8,33,54,127	17,52,628	2·11
1895 (11 months)	6,14,94,294	14,55,654	2·37

42. Not only does this bring out very clearly that the value of the drills imported during the eleven months of 1895 is well ahead of the average of the previous five years, but it shows what an infinitesimal proportion of the whole trade drills represent. As already remarked, moreover, the relative importance of the trade, when taken for all India, is much smaller, and it is further diminished by the fact which the English representatives are either not aware of or choose to ignore, *viz.*, that their real competitors, to the extent at least of a fourth, but probably nearer a half of the entire trade, are not Indian millowners, but American manufacturers. Or, to speak more correctly, the competition is the other way about, as the trade originally started with American drills and Lancashire followed with an imitation that, being offered cheaper, eventually secured a certain market. The American drills, however, owing to the better quality of cotton that they contain and their greater durability, still retain the first place in the estimation of buyers ; and if Lancashire makers were to divert their form of competition more in that direction with less regard to cheapness, they might find their reward as they did in the case of the duty-free shirtings in 1878.

43. The question of dyed drills the Association does not feel called upon to discuss, as, beyond the reason already given in this behalf, the production of a fast *khaki* dye is a monopoly in the hands of one firm and cannot be produced in India, nor can the example given of the cost of the grey cloth, purporting to show the operation of the exemption from excise, be criticised, as the constructive details of the piece are not given.

PAPER No. 5.

44. Is really an appendix to Paper No. 4 and, as such, has already been discussed, and

PAPER No. 6

45. Deals with the law of substitution as exemplified by chicory, sugar and spirits, regarding which the Association does not feel called upon to offer any observations beyond pointing out that the effects of the heavy duties with which high-priced articles of luxury or vice in food and drink are weighted are in no way analogous to the influence exercised by such a tax as 5 per cent. on cotton goods, circumscribed in its incidence by a countervailing excise.

PAPER No. 7

46. Has in reality been disposed of in connection with No. 4, of which it may be taken as forming a subsidiary part.

PAPER No. 8

47. In the main summarises the deductions drawn from the preceding papers and amplifies the arguments based thereon, formulating for the purpose six heads of objections to the mode in which excise is imposed on the products of Indian mills. These objections the Association proposes to discuss *seriatim*, restricting its observations as much as possible where statements or examples have previously been fully examined in detail.

OBJECTION 1.

That the excise duty secures an immunity from competition in the Indian markets by England in counts 20s and below.

48. This objection embodies a proposition that in the abstract is theoretically correct, but, as applied in this case, is untenable. The immunity from competition arises, not from the exemption of this class of goods from excise, but from the geographical position which places such a wide disparity between the respective costs of the English and Indian materials that the exemption of the latter from duty has absolutely no effect on the trade. If the cost price of low count yarns and the goods made from them in Lancashire and Bombay respectively were at all evenly balanced, the 5 per cent. import duty thrown into one side of the scale would at once decide the competition, but where an initial and irreducible difference of 20 to 30 per cent. exists, the influence of the duty disappears.

49. In the first paragraph devoted to this objection, those who hold contrary views to the English case are credited with an assumption that has no foundation in fact. The writers say that "because for some time India has by a "combination of favourable conditions practically had a monopoly of the coarse "yarn trade," the monopoly exists, but where and what is the combination of favourable circumstances that has maintained and increased it during a

period of 16 years, in which no import duty has been levied? Nothing of course, but the permanent advantage of geographical position, and if that is enhanced by exactions of operatives or other causes mentioned in paragraph 8, India cannot be called to account for them, nor can she be asked to abrogate the advantages of her natural position in consequence.

50. Paragraph 9 intimates that it is a fallacy to suppose that Lancashire does not spin yarns of 20s and below—that, on the contrary, she produces 250 millions pounds weight per year. No doubt this is so, and these yarns and the goods made from them are either used in the home trade or exported to other countries that have not the raw material and the means of manufacturing it at their own doors. To India, however, which does enjoy these benefits, these yarns and goods do not and cannot come, and the fact of the production, therefore, has no practical bearing on the mattter at issue.

51. Paragraphs 11 and 12 reiterate the claims advanced in Paper No. 2, that low prices of American cotton would enable English spinners to compete on favourable terms with Indian yarns, and have already been disposed of in the Association's criticisms of that paper.

52. With the remark in paragraph 13 as to the insignificance of the revenue derived from the import duty on yarns under 20s or goods made of the same, the Association quite agrees and, holding that opinion, sees no valid reason why these goods should not be exempted from duty. The argument coming from the side of Lancashire manufacturers seems somewhat difficult to reconcile with the strenuous attempts made elsewhere to show the existence of competition in this particular class of goods, but if, as alleged, the effect of the import duty, so long as it remains without any corresponding excise, is to secure to the Indian producer a monopoly of the production, the Association agrees that it should be removed.

Objection 2.

That the import duty imposed on goods exported from this country made from 20s and below without any countervailing excise duty being imposed on goods made from similar counts in India is absolutely protective in its character.

53. If the suggestion made under the previous objection and endorsed by the Association were certain to be given effect to, there would be no necessity to criticise this section, but, being unable to agree with the arguments advanced and the conclusions arrived at, it would not be advisable to leave them uncontested in anticipation of possible action which Government may, on consideration of the whole question, see no call to adopt.

54. If, as alleged in paragraph 15, evidence was submitted to Mr. Fowler showing that England exported to India yearly goods made of yarns not exceeding 20s to the extent of 6,000,000 lbs. weight of yarn, representing 25,000,000 yards of cloth, the Association must express regret that such evidence has not been embodied in the papers now under remark. The only tangible evidence is regarding drills, and of these the total imports of all makes into Bombay only average 11,929,240 yards per annum, equivalent in value to 2·11 per cent. of the total, while the contention that the Lancashire share was an increasing quantity is not borne altogether out by the figures, which show a marked retrogression in 1894, when they fell back almost to the level of four years previously. That this should take place in a year when the tide of imports of almost all other descriptions of cotton goods reached high-water mark is the more remarkable and would be difficult of explanation but for the facts stated regarding the goods in dealing with paper No. 4, which show that the demand for drills, unlike other goods, is confined to a limited class of the population and that they cannot moreover be to any important extent made from Indian yarns.

OBJECTION 3.

That the 5 per cent. import duty charged on the ad valorem *value of our manufactured goods is not completely countervailed by the 5 per cent. excise duty charged on the yarn value of goods made in India from counts above 20s, and that, so far as any portion of the value of these goods is not chargeable with excise duty, the import duty becomes protective to that extent.*

55. With the proposition, as stated in this objection itself, the Association has no fault to find, but against the arguments used thereunder in paragraphs 20 to 27 I am directed to enter a decided protest. The assertions and claims with which Indian millowners are credited have never been made nor advanced by this Association. What it has throughout contended and still contends is that there is no practical competition worthy of the name between England and India in goods made from yarns over 20s and therefore no protection, and that none of the cases quoted nor examples given afford practical proof of protection, nor have been more than merely hypothetical. The example given in paragraph 33 is another of the same class that has already been dealt with, which cannot, by the nature of its construction, be made in India to compete with Lancashire. The piece selected in this instance is an 8¼ lbs. 38 inches 37½ yards 16 × 14, and the weight of yarn in it is given at 5½ lbs., which simply means that 33 per cent. of the cloth is size, to attain which the warp is weighted with 84 per cent. of size. To make the piece therefore, the warp would be 3 lbs. 4 oz. and the weft 2 lbs. 4 oz., which means that the counts of the yarns would be 36s warp and 44s weft—yarns that could not be spun in

India at a price to permit of them being used in a cloth of the kind. Not only therefore does this example and others of a like character impute a power of competition to Indian mills which does not and cannot exist, but it answers another purpose in showing a much larger apparent protection to the Indian manufacturer than the cloth he could make—but cannot owing to the cost—would afford. This is done by minimising the apparent weight of yarn on which the Indian excise would be collected and, as seen in previous examples, instead of paying on only 5½ lbs. of yarn in such a piece, he would have to pay on nearly 6¼ lbs.

56. *If competition therefore were possible in goods made from the higher counts* and it were deemed necessary that the countervailing excise should be made to counterbalance with mathematical exactitude the import duty, the mode of ascertaining the incidence would have to be the reverse of that adopted by the English representatives, by assessing what the Indian weaver has not to pay excise upon—his true cost of production—not what the Lancashire weaver has to pay upon. What this is, the Association thinks, the following statements will show in a manner to which no objection can be taken. A copy is subjoined of the official weekly list of quotations for Bombay yarns and goods on 29th November 1895, and on these, making a deduction from yarn for the cost of bundling that is not necessary where it goes direct to the weaving shed, an analysis is made showing exactly what it costs to produce the various descriptions of goods.

CURRENT QUOTATIONS OF LOCAL-MADE PIECE-GOODS AND YARNS.

PIECE-GOODS.

	In.	Yd.	lbs.	Net per lb. As. cents.		As. cents.
T. Cloth	24	24	4	7·25	to	7·75
„	29	24	6	7·15	„	7·50
„	44	24	8	7·15	„	7·50
Long Cloths	36	36	8	7·15	„	7·50
„	39	36	9	7·15	„	7·50
„	44	36	10	7·15	„	7·50
Domestics	27	72	14	7·15	„	7·50
„	32	72	19	7·15	„	7·50
„	39	72	24	7·15	„	7·50
„	44	72	27	7·15	„	7·50
Sheetings	60	5	3	6·65	„	7·25
Plain Dhoties	45	10	3	7·15	„	7·30
Fancy Dhoties	26	5	0¾	7·25	„	7·75
„	32	8	1½	7·25	„	7·50
„ R. B.	45	10	3	8·00	„	8·25

YARN.

Twist	No.	6^s	Mule,	As.	$4\frac{5}{8}$	to	$4\frac{7}{8}$	per lb.
,,	,,	8^s	,,	,,	$4\frac{3}{4}$	,,	5	,,
,,	,,	10^s	,,	,,	$5\frac{1}{8}$	,,	$5\frac{1}{2}$	,,
,,	,,	12_s	,,	,,	$5\frac{1}{4}$	,,	$5\frac{5}{8}$	,,
,,	,,	16^s	,,	,,	$5\frac{1}{2}$	,,	$6\frac{1}{4}$	,,
,,	,,	20^s	,,	,,	$6\frac{1}{8}$	,,	$6\frac{1}{2}$	,,
,,	,,	24^s	,,	,,	$6\frac{5}{8}$	,,	$6\frac{7}{8}$	,,
,,	,,	30^s	,,	,,	7	,,	$7\frac{1}{4}$	,,
,,	,,	40^s	,,	,,	8	,,	$8\frac{1}{4}$	,,

Sort.			Weight of warp and weft.		Average of counts.*	Rate per lb.	Cost of yarn in a piece.	Price at which piece sold.	Difference of cost of labour, size, profit, &c.	Difference per lb. between yarn cost and cloth sold.	
In.	Yds.	lbs.	lbs.	oz.			Rs. a. p.	Rs. a. p.	Rs. a. p.	As.	p.
24	24	4	3	$9\frac{3}{4}$	20	$6\frac{1}{4}$	1 6 6	1 14 0	0 7 6	1	11
29	24	6	5	$7\frac{1}{8}$	20	$6\frac{1}{4}$	2 2 0	2 11 11	0 9 11	1	7
44	24	8	7	3	22	$6\frac{7}{16}$	2 14 3	3 10 6	0 12 3	1	6
36	36	8	7	3	22	$6\frac{7}{16}$	2 14 3	3 10 6	0 12 3	1	6
39	36	9	8	...	20	$6\frac{1}{4}$	3 2 0	4 1 10	0 15 10	1	9
44	36	10	8	$13\frac{1}{2}$	20	$6\frac{1}{4}$	3 7 3	4 9 2	1 1 11	1	9
27	72	14	12	$2\frac{1}{8}$	22	$6\frac{7}{16}$	4 14 1	6 6 5	1 8 4	1	8
32	72	19	16	10	20	$6\frac{1}{4}$	6 7 10	8 11 0	2 3 2	1	10
39	72	24	21	$7\frac{1}{2}$	18	$6\frac{1}{8}$	8 3 5	10 15 8	2 12 3	1	10
44	72	27	23	$6\frac{3}{4}$	20	$6\frac{1}{4}$	9 2 4	12 5 7	3 3 3	1	10
60	5	3	2	$10\frac{1}{4}$	20	$6\frac{1}{4}$	1 0 6	1 4 10	0 4 4	1	5
45	10	3	2	$8\frac{3}{4}$	24	$6\frac{13}{16}$	1 2 10	1 5 7	0 2 9	0	11
26	5	$0\frac{3}{4}$	...	10	22	$6\frac{7}{16}$	0 4 0	0 5 7	0 0 $11\frac{1}{4}$	1	3
32	8	$1\frac{1}{2}$	1	4	20	$6\frac{1}{4}$	0 7 9	0 11 0	0 2 2	1	5
45	10	3	2	8	22	$6\frac{7}{16}$	1 0 1	1 8 4	0 6 4	2	1
Averages					20	$6\frac{1}{4}$	... ...	...	...	1	7

* Allowing ¼ anna for bundling not required in weaving.

57. This shows that the average cost of the yarn employed in making the goods is $6\frac{1}{4}$ annas per lb., and the average difference between that and cloth 19 pies per lb., which represents the cost of production *plus* profit. For facility of calculation, however, 3 pies per lb. has been taken as the cost of reeling, bundling, and baling, whereas the exact cost is 2·45 pies, and the difference between yarns and goods is somewhat increased by the mode of taking the average as if all descriptions were produced to a like extent, which of course is not the case. A very full allowance for cost of Indian production would therefore be $1\frac{1}{2}$ annas, or 18 pies per lb., and a fair average price for cloth, $7\frac{1}{2}$ annas per lb. It follows accordingly that, if the Indian manufacturer could compete, he would be protected on

18 pies at 5 per cent. = ·9 pie = 1·00 per cent. on cost of cloth.		
Less—Cost of duty on stores which is ·225 pie per lb. or ...	·25	,, ,,
	·75	,, ,,

that is to say, the Indian manufacturer is protected to the extent of ¾ per cent. whenever he can compete, and against that problematical figure there must be set off the duty paid on stores consumed in the manufacture of all his

yarn exported, and in the case of his goods exported the duty on stores consumed both in the yarn and goods. The Association holds that, looked at in this way, it will be found that the set-off exceeds the protection, and if the Indian manufacturer were excised on his cloth at 5 per cent. on the full market value, he would be at a disadvantage of the duty on stores used in products exported.

OBJECTION 4.

That the exemption from excise duty of yarn 20s and below will encourage the manufacture of duty-free cloths, as such exemption enables the Indian manufacturer to avoid the excise duty altogether by substituting in the manufacture of cloth non-excisable yarns for excisable yarns.

58. The value of the evidence of submitting samples of cloth to Her Majesty's Secretary of State for India to show the possibilities of substitution has already been commented upon. It is, no doubt, a very effective method of playing to the gallery of non-expert public opinion but; as a means of illustrating how one piece of goods would take the place of another with a native buyer having a perfect knowledge not only of the quality and construction of the cloth, but of his own requirements, is absolutely worthless. Nor is the suggestion made in paragraph 39, that this manipulation is rendered all the easier in India by goods being sold by weight and not by the number of threads per inch, entitled to more weight. If buyers were to be captivated by this exceedingly simple and ingenuous process, the coarser and honester goods of Indian manufacture would have displaced the heavily-sized shirtings of Lancashire years ago, and any one who would for a moment credit the idea has but a scant knowledge of Indian trade. No one has a more thorough knowledge of the expert part of his business than a native piece-goods buyer. By caste born to it and trained to the examination of cloth almost from the time he can think, a piece of cotton goods has no hidden secrets from him. By the mere handling, almost with his eyes shut, he can form a very accurate estimate of the yarns used in the manufacture, and should he have any doubt as to the weight of size which the piece contains, a few seconds' rubbing between the fingers, or ultimately the washing tub, settles the question conclusively. Trying substitution with these men might be interesting as an amusement, but would be exceedingly unremunerative as a trade. They make their purchases with a thorough comprehension of their intrinsic value and an accurate appreciation of the purpose they will serve. And this brings us to the point which really indicates the limit of substitution, that all the numerous descriptions have their own definite uses and, while each will permit of a certain limited variation in construction and manufacture, the one description will not act as a substitute for the other. The jacconet will not take the place of the mull, nor the shirting of the jacconet. Certain modifications of each would be

permissible as took place in 1878, when the bait of a 5 per cent. difference induced Lancashire manufacturers to strike out a new line for themselves. What was practicable then, however, in making a purer 30s/30s instead of a heavily-sized 32s/44s would not now be practicable in dropping down from 30s to 20s. The change in quality and appearance would be too great, and in all probability the game has already been played out to nearly its fullest extent so far as Lancashire can go on the one side downwards, and Bombay on the other upwards. It must not be overlooked that the competitive limits between Lancashire and Bombay are not separated by a fine dividing line as in some quarters seem to be supposed. In going above 20s, the increased cost of spinning Indian cotton, owing to its short and weak staple, is very heavy—something like the expenditure of coal in adding another knot an hour to the ordinary full-speed of a steamer; while to use the same simile, on the other hand, Lancashire on going much below 28s to 30s is, by using high-class cotton and expensive high-skilled labour, working below her economical rate of speed. This is very clearly proved by the prevailing difference in value between the counts of English and Indian yarn. For instance, the *Manchester Guardian* of 7th December 1895 quotes—

20s Water Twist at $6\frac{5}{16}d.$ to $7\frac{5}{16}d.$ per lb.
30s „ „ „ $6\frac{7}{8}d.$ „ $7\frac{7}{8}d.$ „

a difference of $\frac{9}{16}d.$ per lb., or less than $\frac{1}{16}d.$ per count; while the Millowners' Association price list of 4th January 1896 quotes—

20s at annas $6\frac{3}{16}$
30s at „ 7
40s at „ 8

a difference of Anna $\frac{13}{16}$ and Anna 1 respectively, or an average of $\frac{3}{32}$ of an anna per count.

59. These facts go to prove how circumscribed the limits of possible substitution really are, and at an earlier stage I have noticed the statement of the English representatives themselves as regards the change in the trade in 1878 being permanent and not transitory, as it would have been had its character been that which, the Lancashire manufacturers say, has already taken place since the re-imposition of the import duty at the end of 1894, and which they profess to dread so much in the future. But our Lancashire friends say that the substitution has already taken place, and in paragraphs 40 and 42 allege—

(1) That a great stimulus has been given to the production of non-excisable yarn, thereby circumscribing the production of the higher counts.

(2) That the excise will consequently fall far short of the budget estimate of Rs. $7\frac{1}{2}$ lakhs.

(3) That the excise should produce Rs. 15 lakhs or double the estimate.

60. To the first of these statements it is impossible to give a categorical answer, as there are no statistics available of a reliable character showing what the productions of the mills are. In 1893 this Association obtained and compiled figures tabulating the production of all the Indian mills in that year, but the record is not one which could be accepted as a reliable basis to go upon, seeing that in 1893 the industry was in a demoralized state owing to the closing of the mints. The demand for low-count yarns for China was practically at a standstill, and spinners were accordingly having recourse to every possible expedient to avoid having to close their mills altogether. Under the circumstances the production of high-count yarns was accordingly expanded far beyond their usual proportions, while the weight of low-count yarns was also circumscribed by the limited demand for export. Latterly the condition has been quite reversed, an active demand has prevailed for some considerable time for 20s and downwards for export, and as such counts always pay better owing to the larger quantity that can be produced, and more especially are more profitable to mill agents in Bombay remunerated by a commission upon the weight of yarn absolutely spun, the spinning of high counts has necessarily been proportionately circumscribed. In any case, 20½s, 21s and 21½s would necessarily be spun in much smaller quantities, as these counts were formerly made to a large extent for sale as 20s, the additional number of knots in a bundle being added to tempt buyers instead of a monetary discount. In view of this condition of affairs, there probably will be a considerable contraction shown during 1895 in the production of counts between 20s and 24s ; but it is impossible to accept this as entirely attributable to the operation of the duties. The test of this will be found in the returns of yarns exported and consumed in the country, and a reference to these, as given in the appendix, will at once show that the increased demand for low counts has been for export, and that less local-made yarn has really been taken for internal consumption in 1895 than in the preceding year, proving that it has not supplanted importations from England, of which, on the contrary, the transmissions to the interior have been fully up to, and in some cases beyond, the average.

(2) The actual collections for the first six months of the year are almost exactly the same as for the last six months and promise to exceed the estimate.

(3) The English estimate is arrived at by taking the tariff value at Annas 7 per lb.—whereas the bulk of excisable yarns are under 24s, the tariff valuation of which is Annas 5½—including the production of Native States, and making no deduction for exports.

OBJECTION 5.

That it is impossible to place a dividing line between the manufactures of Lancashire and India, whereby a duty levied on one, unless completely countervailed, will not afford a protective incidence to one to the consequent injury of the other.

61. In the remarks submitted regarding the previous objection, the Association has shown, or has attempted to show, that the mode in which the import duty and excise is levied does not in reality amount to the drawing of a fine dividing line between English and Indian manufactures, but that a considerable margin exists between the two, leaving room for a certain amount of give-and-take on both sides before actual overlapping and competition takes place. If this be so—and the Association contends that it is—there is no reason to suppose that the effect of the 5 per cent. import duty, countervailed, as the English case puts it, to within 1½ per cent., or as the Association considers entirely, would be to enhance the value of the non-excisable products. Nor can the few isolated figures quoted in this connection be accepted as sufficient proof of the argument. Cheapness has certainly a great attraction for the natives of this country, but they still are in the matters of food and clothing conservative to a degree, and in this respect probably no other people have remained so comparatively untouched by Western influences. The people who have hitherto worn the finer classes of goods still continue to do so, and in articles, which are subject to such wide and frequent fluctuations as cottons, it requires a stretch of imagination to believe that a 5 per cent. tax on the finer qualities will have an appreciable effect on the values of the lower, divided as they are by such a considerable interval. The contention, moreover, is not borne out by facts as the following figures prove:—

Monthly Quotations of English and Country-made Piece-Goods and Yarns.

Period.	PIECE-GOODS.			YARNS.		
	English 7½ to 8¼ lbs. Grey Shirtings 34-38 in. per piece.	Local 4 lbs. 24 in. ×24 yds. Grey T. Cloth per lb.	English 40s Mule per lb.	Local 20s Mule per lb.	Local 24s. Mule per lb.
	Rs. a. p.	annas. annas.	annas. annas.	annas. annas.	annas. annas.
5th October 1894...	4 0 0	8 to 8·25	8½ to 9½	5¾ to 6⅛	6¼
2nd November „ ...	3 14 0	7·75 „ 8·00	8 „ 9¼	5⅝ „ 5 15/16	6⅛
30th November „ ...	3 12 0	8 „ 8·25	8 „ 9¼	5 11/16 „ 5⅞	6¼ to 6 5/16
4th January 1895...	3 15 0	8 „ 8·50	8½ „ 9½	5 9/16 „ 6	5⅞ „ 6 3/16
1st February „ ...	4 0 0	8 „ 8·25	8¾ „ 9⅞	5¾ „ 6⅛	6 „ 6⅜
1st March „ ...	4 0 0	8 „ ...	8¾ „ 9½	5 9/16 „ 5¾	6⅛ „ ...
5th April „ ...	4 0 0	8 „ 8·15	8¾ „ 9½	5⅝ „ 6	6⅛ „ 6¼
3rd May „ ...	4 0 0	7·75 „ 8·15	8¾ „ 9½	5⅞ „ 6 3/16	6⅜ „ 6⅝
30th May „ ...	3 15 6	7·75 „ 8·15	8¾ „ 9	5⅞ „ 6	6⅜ „ 6⅝
5th July „ ...	4 0 0	7·50 „ 7·75	8¾ „ 9	5⅞ „ 6⅜	6⅛ „ 6⅝
1st August „ ...	3 15 0	7·50 „ 8·00	8¾ „ 9	6 „ 6⅜	6⅛ „ 6¾
5th September „ ...	3 15 0	7·50 „ 8·00	8¾ „ 9	6 3/16 „ 6 1/16	6¾ „ 6⅞
Average ...	3 15 2	*7·81 to 8·13	8 7/12 to 9 7/24	5 23/32 to 6⅛	6 7/24 to 6 17/32

* = Rs. 1-15-3 to Rs. 2-0-6 per piece.

62. As mentioned elsewhere, the usual local difference in yarns runs about 3/32 of an anna per count, and this, it will be perceived, was the ratio of the pre-

vailing difference between 20s and 24s during the three months preceding the imposition of the duty, the margin having been, on the average, three-eighths of an anna per pound. Since the imposition of the duty, the average has fluctuated between a half to three-quarters of an anna per pound, which, in the opinion of the Association, is reasonably conclusive evidence that the excise payable on the 24s is responsible for the increased margin, especially when due allowance is made for the fact that the demand latterly has been mainly on 20s and lower counts for export against a decidedly smaller enquiry for high counts for weaving purposes. The statement, moreover, makes it perfectly clear that the various counts of yarn and qualities of goods do not always move together; for instance, as between the 30th November and 4th January, English yarns, 40s mule, advanced half an anna per pound, while local 20s fell an eighth, and 24s an eighth to a quarter.

63. In several places throughout these papers the supposed prosperity of the Indian cotton mills is quoted as affording conclusive evidence of the protection afforded them by the import duty and the mode of levying the excise, and here a rise more or less general in Indian cotton mill shares as between 14th April 1894 and 14th June 1895 is adduced as proof in the case. Ignoring the fact that even at the advanced quotations the bulk of the shares still show a heavy discount on par values, and that the month of April is in the heart of the export season when money is at its dearest, while June falls in the monsoon when money is generally cheap and seeking investment, it is tacitly assumed that the comparison is made on a fairly level basis. On the contrary, whether designedly or not, the periods selected are such as to render a fair comparison impossible. In April 1894 the industry was feeling the effect of the war between China and Japan, and was only beginning to recover from a prolonged period of intense depression created by the closing of the Indian mints on the 26th June 1893. Many of the best-managed mills had paid no dividends, and even reported a heavy loss in working for the latter half of that year, and the shares were accordingly very depressed. During 1894, however, a decided improvement had set in long before the imposition of the cotton duties, and this was largely aided by the enhanced value imparted to all dividend-earning shares by the conversion of Government paper from 4 to 3½ per cent. Owing to that alone, shares of all kinds quite unconnected with cotton underwent a material advance in the interval selected as the following quotations demonstrate:—

	14*th April* 1894.	14*th June* 1895.
3½ per cent. Government Paper	100¾	106 15/16
5 „ Municipal Bonds	118 to 120	129 to 131
4 „ Port Trust „	103½	106
Bank of Bombay Shares	1,150	1,415
Bank of Bengal „	1,100	1,290
Bank of Madras „	980	1,160
National Bank of India Shares	220	300
Bombay Flour Mill Co., Ld., Shares	1,300	1,725
Alcock, Ashdown & Co., Ld., „	300	345
Bombay-Burmah Trading Co. „	4,725	5,150

64. These prices prove that the improvement of which so much is made was not confined to cotton mills alone, but was a general movement throughout the stock and share markets, having no connection with and quite uninfluenced by the import duty, while, as a matter of fact, there has been in many cases a considerable fall in cotton mill shares since 14th June 1895, and it is an open secret that, until the decline in cotton quite recently, most of the mills were for months working at a loss.

OBJECTION 6.

That the imposition of these duties has inflicted serious injury to our (Lancashire) trade and will continue to do so unless completely countervailed.

65. To this objection the Association must beg leave to submit an unequivocal and unqualified negative. It contends on the contrary that the imposition of the cotton duties has not contributed in a material degree to the adverse condition of trade in Lancashire, and that practically the excise now levied countervails the import duty.

66. The only evidence submitted in support of the first part of the objection is a comparison of the shipment of cotton goods from England to India during the first five months of 1894 and 1895. On this method of substantiating a case the Association has already animadverted in the preliminary observations in this letter, and the reasons given in paragraph 68 under the head now being dealt with are not such, the Association ventures to think, as can be accepted as an adequate explanation of the omission. Large and weighty questions of the nature raised by the papers under review and involving, for India at least, issues in principle of almost national importance, are not to be discussed and adjudicated upon by the light of trade statistics for periods of five months in either two or three years, and the mere suggestion of such a basis being selected by abstention from adducing fuller information must be held as evidence of the inherent weakness of the case put forward in the English representation.

67. Were the questions at issue merely matters of trade controversy leading up to no ultimate decisions of moment, it might be sufficient to answer this part of the case by quotations from Manchester authorities alone, the following letter which appeared in the *Manchester Guardian* of 5th November 1895 being a fairly unbiassed exposition of the statistical part of the argument :—

THE INDIAN IMPORT DUTIES.

To the Editor of the *Manchester Guardian*.

SIR,—In speaking of the Indian import duties to-day at the Chamber of Commerce, I was glad to hear the President say "it appeared to him that they were suffering there now "from past over-supply rather than from the actual 5 per cent. duty on the goods exported into

"India." No one dislikes these Indian duties more than I do. They savour of Protection. It is all very well to say they are necessary to enable the Indian Government to meet its way. That is an excuse common to every prodigal; he never proposes to reduce his expenditure to his income. Let us attack these duties by all means, but do not let us over-state the case or spoil our cause by bad arguments. Several friends attribute the stoppage of mills and the present slow demand to these duties. What are the facts? The total shipments from the United Kingdom to British India of all cotton goods (in millions of yards) have been—1889, 2,001; 1890, 2,021; 1891, 1,836; 1892, 1,850; 1893, 1,888; average, 1,919. In 1894 they were 2,276 million—an excess of 357 million yards over the average of the five previous years. We cannot suppose that such an excess can be maintained; all our experience is against it. We have always found a fat year followed by a lean year. Our shipments for the first nine months of this year show, as compared with the average for the same months of 1889-93, a decrease of 134 million yards; but, as shown above, on January 1, 1895, there was a surplus of 357 million yards to absorb. Deduct from this the 134 million yards, by which the first nine months of this year's shipments fall below the average of the previous years, and we have still on October 1 a surplus of 223 million yards from last year's shipments. Surely this is sufficient to account for the state of trade. Moreover, since January 1 of the present year exchange has risen 8 per cent., more than covering the duties, so that no increase of cost to the consumer comes from them. Our great trouble is that we have had to deal with a rise of prices of late, which, *pace* the bimetallists, does not usually give an impetus to trade. They will be able now perhaps to grasp the distinction between a rise of prices caused by an increased demand and a rise in prices caused by increased cost of production. Whether they can rightly read the facts before them or not, those facts have to be faced. Meanwhile Lancashire may as well be hopeful instead of anticipating difficulties.—Yours, &c.,

November 4, 1895. WILLIAM FOGG.

And again the *Manchester Guardian* of 20th November 1895 has the following in its commercial article, which expresses the same view in a slightly different formula :—

As doubt regarding the possibility of India abstaining from vigorous buying for any length of time has been expressed in many quarters, it may be of interest to consider the matter from a statistical standpoint. The shipments to India and Burmah of plain, dyed and coloured and printed cotton goods for the ten months of this year, compared with the corresponding period of the previous four years, are stated, in yards, as follows :—

	Yards.	Average in yards.
1895...	1,416,218,000	1,642,539,000
1894...	1,868,860,000	
1893...	1,508,144,000	1,511,135,000
1892...	1,509,579,000	
1891...	1,515,682,000	

It will therefore be seen that, in spite of the falling off in the shipments for this year compared with 1894, the average of these two years is 131,404,000 yards, more than the average for the preceding three years. The conclusion, therefore, seems quite irresistible that in the meantime India has been so fully supplied on the average that the natural resistance to high prices may very well encourage dealers to refrain from buying other than absolute requirements as they arise.

68. Conclusive as these figures are, however, the Association deems it advisable indeed essential, that statistics of a more comprehensive character should be available, and I have therefore been directed to prepare the following statement showing the course of the trade during the past 27 years, which takes us back to a time when cotton manufacture in India exercised no appreciable influence on the imports.

Imports of Piece-Goods and Yarns into India in quinquennial periods from 1868-69 to 1894-95—Official years from 1st April to 31st March.

(Yards and lbs. in millions, and rupees in lakhs. 000's omitted.)

Official years.	Piece-Goods.				Value of entire cotton goods excluding yarns.	Yarns.	
	Grey.	White.	Colored, dyed or printed.	Total.		Quantity.	Value.
	Yards.	Yards.	Yards.	Yards.	Rs.	lbs.	Rs.
1868-69 to 1872-73	764,267	151,895	134,118	1,050,280	1,501·05	32,087	276·78
1873-74 to 1877-78	869,522	186,740	142,937	1,199,199	1,623·24	33,813	288·81
1878-79 to 1882-83	1,007,812	241,423	250,533	1,499,768	1,923·14	39,571	316·49
1883-84 to 1887-88	1,172,116	321,390	344,373	1,837,879	2,274·42	47,530	337·97
1888-89 to 1892-93	1,230,120	371,298	364,194	1,965,612	2,590·29	47,724	343·92
1893-94 to 1894-95	1,333,215	445,592	415,533	2,194,340	2,954·54	42,144	298·00

69. These figures exemplify in the most marked manner the fallacy of attempting to form an idea of the course of trade by statistics extending over limited periods of time, and show, moreover, that for the two years ending with 31st March 1895 the average imports of cotton goods of all descriptions have been on quite an unparallelled scale both in quantity and value, and there seems no reason to doubt that whether the present discussion eventuates in any modification of the excise duties or not, the current quinquennial period, of which more than half has already elapsed, will exhibit at the close quite as large, if not a larger, average increase than any of its predecessors.

70. Lest it should be thought, however, that these tabulated results obscure the movements of the later and shorter periods, I am directed to append the following table giving the—

Imports, Re-Exports and Exports of Cotton Yarn and Piece-Goods into and from India in millions of lbs., yards and rupees (April 1st to October 31st).

7 months—April 1st to October 31st.	Imports.						Re-Exports.			Exports.		
	Yarns.		Piece-Goods.			Total value Goods and Yarns	Yarns.	Piece-Goods.	Total value.	Yarns.	Piece-Goods	Total value.
	Lbs.	Rs.	Grey. Yards.	White. Yards.	Printed. Yards.	Rs.	Lbs.	Yards.	Rs.	Lbs.	Yards.	Rs.
1895	28·0	17·2	626·2	182·7	170·6	146·0	0·6	51·9	10·4	110·7	56·9	49·3
1894	21·5	15·1	766·1	292·2	271·2	196·9	1·2	55·7	11·6	104·2	54·8	46·3
1893	22·9	16·5	693·2	188·3	215·4	165·5	0·6	44·7	9·1	74·0	44·4	35·3
1892	23·0	15·8	659·6	214·4	209·2	151·6	0·8	47·5	9·6	114·9	49·7	47·8
1891	29·9	20·9	654·2	204·0	195·9	164·9	0·8	49·6	9·9	101·3	41·8	44·4
1890	30·0	22·4	766·7	247·7	226·4	184·3	0·6	46·3	9·1	98·9	40·6	46·0
1889	27·1	20·2	727·2	196·3	250·4	174·1	0·7	49·8	9·9	83·2	34·7	39·9
1888	28·9	20·7	715·5	217·8	206·8	170·9	1·0	46·8	9·4	76·6	48·9	38·3
1887	25·5	17·7	669·8	168·2	190·0	149·0	0·5	43·1	8·3	70·8	44·2	32·5

71. This is a most instructive statement, and to show at a glance how the recent imports of goods and yarns compare I extract the following from it :—

	Piece-Goods.			
	Grey.	White.	Printed.	Total value Goods and Yarns.
Average 1895-94	696·1	237·4	220·9	171·4
1893	693·2	188·3	215·4	165·5
1892	659·6	214·4	209·2	151·6

In paragraph 67 it is stated that it is only to India that the exports of cotton goods have fallen off during the early part of 1895. This position, it is evident, has undergone some change since, as from an analysis of a statement—which to avoid cumbering the body of this letter with too many tables is reproduced in the appendix—showing the exports of cotton piece-goods and yarns from Great Britain to Foreign countries and proportion to India for the first ten months of each year from 1887 to 1895 inclusive, the falling off to all countries is very close on the same percentage of decline as to India alone, while the average percentage of the whole to India of the first ten months of 1894 and 1895 together is slightly in excess of the mean of the first ten months of 1892 and 1893 taken together.

72. From neither point of view, therefore, neither taking the imports into India by themselves nor in their relation to the exports from the United Kingdom to other parts of the world, can it be contended that England's trade in cotton goods to India, when fairly analysed, has undergone a diminution.

73. But there is yet another way of looking at this part of the question. Even if there had been a decline in the general volume of trade between the United Kingdom and India to the full extent claimed, it could not in justice be written down to the maleficent influence of an insufficient excise until it could be shown that the deficiency had been supplanted by the products of the Indian mills. Now to produce the 267,091,000 yards which, it is alleged, there was a decrease of in the first five months of 1895, would take six months' work of 1,000,000 spindles and 35,000 looms (the whole of the machinery in India at present is only 3,809,929 spindles and 35,338 looms), and seeing that all our spindles and looms were in full operation in 1894, that must have meant an increase in the working machinery of the country to that extent. As against these figures the increase between 30th June 1894 and 30th June 1895 was only 160,193 spindles and 4,184 looms, only a portion of which could have come into operation for a fractional period of the year, and are therefore barely sufficient to account for the increase of 8,120,000 lbs. of yarn and 9,630,000 yards of cloth of Indian manufacture exported during the first ten months of 1895 in excess of the corresponding ten months of 1894 as shown in the appendix, thus proving to demonstration that all our recent increase in productive power has been entirely worked for export and not in competition with imported goods in Indian markets.

74. These latter figures may perhaps be accepted as sufficiently explanatory of the remark in paragraph 69 as to the activity displayed by the Indian mills since the imposition of the duties, but it seems to the Association that it is advisable also to give some figures exhibiting the increase in the spinning power of India as compared with what has been taking place elsewhere.

75. Throughout these papers there is no shadow of a hint or suggestion that the bad times which have overtaken Lancashire of late can have any other source or origin than India, and any one reading them, and otherwise unaware of the facts, would come to the conclusion that there had been no increase in spinning power in any other part of the world than in India. To show how utterly misleading this is, and how much is being unjustly inferred against Indian competition, I have been directed to tabulate what the increase of spindles has been during the four years preceding 1895 all over the world. The figures are as follows :—

	India.	U. K.	America.	Continent.	Japan.	China.	Total.
1891 ...	78,000	1,000,000	235,000	575,000	76,000	.....	1,964,000
1892 ...	50,000	600,000	560,000	370,000	31,300	.....	1,611,300
1893 ...	174,000	.....	350,000	445,000	.....	99,700	1,068,700
1894 ...	74,000	.....	150,000	500,000	278,200	177,900	1,180,100
Total. ...	376,000	1,600,000	1,295,000	1,890,000	385,500	277,600	5,824,100

A total increase during the four years of **5,824,100** spindles, of which India contributed **376,000.**

76. A considerable feature is also being made of the report that there are 13 new mills projected in the Bombay Presidency. Between mills projected and mills ultimately built a wide margin has always to be allowed in this country, but, even assuming they are all promoted, they are mostly up-country concerns, chiefly in Ahmedabad and neighbourhood, ranging from 5,000 to 10,000 spindles each, and the whole of them would go within the four walls of one large modern Lancashire mill. Surely, in face of these figures India is being called upon to carry the burden of sins not her own, and it is possible to conceive that the sufferings of Lancashire may reasonably be attributable to some other cause than the supposed inequitable levy of the excise in this country.

77. This concludes the observations I have been directed to submit on the statements contained in the papers laid before Her Majesty's Secretary of State for India, but the Association considers that it would be well at this juncture to notice accusations which have been made in the English press of late, which, if allowed to go uncontradicted, may from mere reiteration obtain some credence with some sections of the public. These accusations are against the *bona fides* of Indian Government servants who are alleged to be prejudiced by their financial holdings in Indian mills stock in favor of Indian manufacturers. The allegation we in India know to be as ridiculously absurd as it is unwarranted and unmerited, but it may be advisable to "nail the lie to the counter" by an official contradiction at this the first opportunity. I am accordingly authorised to state that, of the shares of mills managed by native firms, the European holders do not represent more than a small decimal fraction of the capital, and in a great number are absolutely *nil*; while in the group of mills managed by Messrs. Greaves Cotton & Co. with European directors and in which such European capital as may be in mills is mainly invested, out of 19,680 shares in all only 2,883 are the property of officers of the Naval, Military, or Civil Services, covenanted and uncovenanted.

78. It now remains with the Association to reply to the general questions raised in the Government of India's covering letter and shortly recapitulated in the opening paragraphs of this communication. Taking them in the order they occur, the first contention is—

> That Lancashire exports to India a certain quantity of yarns of 20s and lower counts and fabrics woven from such yarns.

79. As regards low count yarns, although the contention holds a place in the general statement, it is not seriously argued and no evidence is adduced in support of it throughout the papers. This part of the case therefore, to adopt a legal phrase, may be taken as abandoned by the prosecution. If not, the Association submits that the relative costs of production in Lancashire and India, as worked

out in reply to paper No. 2, amply suffice to dispose of any possibility of competition, and for all practical purposes the same reason carries with it the answer to the claim in respect of goods made from such yarns. One exception only has been instanced, and that exception the Association believes to be the only one in reality —in the case of drills of which Lancashire supplies a quantity equivalent, as nearly as can be ascertained, to about ½ per cent. of the entire cotton goods imported into India. The imports of the Lancashire makes appear to have fallen off slightly in 1894 before the imposition of the import duty, and to a greater extent since, but the total imports do not show any notable decline, so that the import duty which is the same on all can scarcely be held responsible for the present contraction in the English makes. In view of that and the exceedingly limited extent of the trade, the question will be whether it demands special treatment.

80. The second contention regarding woven goods made from excisable counts of yarn is somewhat more complex, and is rendered additionally so to the non-expert mind by the vast halo of possibilities with which the compilers of the English representation have so skilfully surrounded the word "substitution." They have not, however, been able to quote one single instance where actual substitution has taken place, nor in the opinion of the Association will the examples they have selected to show what might be done, judged by the light of such criticism as the facts supplied permitted, carry conviction to independent minds. It is quite impossible at the present moment to say how far the allegation is justified, that there has been a decrease in the production of yarns above 20s and goods manufactured from same. Presumably, for the reasons already given, there would be a curtailment in the make of 20½s, 21s, and 21½s, of which a considerable quantity was for a time being spun; but the main incitement to spin 20s and under has been the activity of the export demand for low counts as evinced by the large increase of shipments to the farther east. As previously explained, it does not pay a spinner to convert Surats into yarns above 20s unless at a price much in excess of the prevailing difference in Lancashire, and in this fact lies the certainty of immunity from competition which the home spinner enjoys in the higher counts practically above 20s, but in an overwhelming proportion above 24s. Unfortunately we are without statistics which enable us to gauge with certainty what the tendency of production has been, as the excise has not been imposed for a sufficient length of time to render comparative Government returns from that source available, while the only other records of production are the returns compiled by this Association for 1893 which was quite an abnormal year. The demand for export for the greater part of the latter half of that year was quite at a stand-still owing to the disorganisation of trade with China through the closing of the mints and spinners were driven into the

production of higher counts, and many other expedients merely to keep their mills open.

But whether there has or has not been a decrease in the spinning of yarns over 20s since the imposition of the duties, of one thing we can be quite certain that nothing has gone into consumption in India to oust English yarns or goods, as the tabular statements in the appendix show first that the increase, if any, must have been absorbed by exports, while there was no increase, but a heavy decrease, in the quantities of local goods and yarns transmitted up-country by rail.

81. On what took place after 1878 as affording evidence of what is now supposed to be taking place or may take place in the future I have already touched, but the Association is desirous of emphasising the fact that the situations then and now are not at all on parallel lines. By fixing the limit of exemption then at 30s, the line was drawn not only in close contiguity to the great bulk, but actually impinging on some portion of the Lancashire productions, whereas at 20s, as I have already demonstrated, a wide margin exists between the goods produced in any quantity by Lancashire and India respectively, which is only trenched upon to a certain limited extent from both sides, or in specialities.

82. In this connection, however, as the Association ventured to suggest at an earlier stage, the records of past experience have not been adequately studied, or at all events have not been given sufficient prominence to, by those on whom the compilation of the English case devolved, and it would not be inappropriate to give here the actual trade figures before and after the change in the duties in 1878 and their abolition in 1882.

83. The following exhibits the three years separately at each period :—

Total Imports of Cottons into India.

(Quantity in millions and value in lakhs. 000's omitted.)

Years.	Piece-Goods.					Yarns.	
	Grey.	White.	Coloured, dyed or printed.	Total.	Value of entire cotton goods.	Quantity.	Value.
	Yards.	Yards.	Yards.	Yards.	Rs.	lbs.	Rs.
1876-77	840·605	193·454	152·241	1186·300	1599·17	33·270	273·35
1877-78	992·538	215·624	150·549	1358·711	1732·23	36·194	285·04
1878-79	775·120	192·098	160·378	1127·596	1412·68	33·146	277·97
Average ...	869·421	200·392	154·389	1224·202	1581·36	34·203	278·78
1880-81	1170·554	285·359	318·051	1773·964	229·107	45·877	369·92
1881-82	1098·469	269·804	254·843	1623·116	2077·21	40·762	322·21
1882-83	1086·286	233·373	320·936	1640·595	2143·19	44·859	337·82
Average ...	1118·436	262·844	297·943	1679·223	2170·49	43·832	343·31

84. An appreciative study of these tables might not be without a gleam of comfort to Lancashire, as they indicate that in a more modified form something of the present experience was undergone at the time of the partial removal of the duties in 1878. Probably, in anticipation of the change, heavy imports were made in the two preceding years only, to be followed by a sharp re-action in the year following to the extent in goods of 320 lakhs of rupees. So also in 1882 the abolition of the duty was concurrent with a marked decline in imports, and yet we see from the quinquennial movements given in a previous statement these temporary fluctuations did not interfere with the steady normal growth of the trade. In no greater degree have we any reason to regard the present contraction in imports as more than a temporary check—the result of the excessive supplies of the previous year.

85. From the foregoing it will be apparent that to the two first questions formulated by the Government of India—

(1) Whether any, and if so what new, difference is imported into the relative cost of English and Indian cotton goods by the amount or method of taxation, and

(2) Whether that difference has the effect of favoring one industry against the other,

the Association must respond in the negative. But at the same time the Association readily admits that there are apparent inequalities in the mode of levying the duties that may give rise to the belief that the respective industries are being unequally treated, and that, to remove such feeling which, if not actually obstructive of, is certainly not helpful to trade, it may be advisable to modify the existing lines and limits of assessment.

86. Before approaching the discussion of this branch of the subject, however, the Association would premise that, while they never have been in favor of the import duties and would gladly see them abolished now and for ever, such a proposition is in the existing nature of things, quite beyond the pale of argument. If the cotton duties are to go, it is evident it must only be simultaneously with the abolition of import duties on other ordinary articles of trade, and of such a change the financial position permits of no immediate hope. Nor can the Association see its way to suggesting any other form of taxation, which would afford the desired relief. In a country like India import duties as a means of taxation have many advantages. They are collected easily and cheaply without being in any way inquisitorial or harassing to the people, they are light and equable in their incidence, and they afford a means of obtaining some contribution to Imperial funds from the inhabitants of Native States in return for the many

benefits they receive from the protective rule of the paramount power. The one disadvantage which they have is, that they are associated with protection or, as in this case, the appearance of it, and perhaps also the difficulty of constructing a perfect tariff.

87. While, therefore, Lancashire demands, and Government may be anxious to devise, such a re-adjustment of the excise on cotton goods and yarns as will remove every semblance of protection to native industry from the import duty, there is such a thing as an undue straining after the unattainable, and trade may be disturbed by making changes now, which another year's experience may show have only had the effect of transferring, not removing, the inequality.

88. To one modification, which would entirely wipe out an important section of the alleged grievances of Lancashire, the Association can see no serious objection if, in the opinion of Government, that portion of the trade warrants or demands a rectification of the duties, *viz.*:—

> The exemption from duty of all imported yarns of 20s and under and goods made from such yarns.

89. This would undoubtedly place the Lancashire spinners on a better footing than India by the import duty on the dutiable stores used, which cost 3 pies per pound of yarn and would, therefore, represent ·15 of a pie per pound or on 6 annas ·21 per cent. on the value of the yarn, while their manufacturers would have this advantage *plus* the duty on stores consumed in the weaving of the cloth, say ·21 + ·25 = ·46, or nearly ½ per cent. Seeing, however, that there is no real competition to be feared, the Bombay manufacturers, as represented by this Association, would be prepared to accept the difference without demur to attain the object in view.

90. The one other objection to the exemption, so far as the Association can see, would be the difficulty with the Custom House authorities in deciding what was or was not 20s or over, but this was not found to be insuperable in 1878 when, with the limit of exemption fixed at 30s, the difficulty of distinguishing the count was infinitely greater. Moreover, the imports of this class of goods and yarns are so small and will continue to be so small, notwithstanding the substitution bugbear, that the necessity of giving a decision would seldom arise.

91. The question of the alleged inequality in taxation on imported and Indian woven goods made from yarns over 20s and the possible means of rectifying it required to be approached much more cautiously. When the decision was come to in the first instance to levy the excise on yarns only and not on cloth of Indian manufacture, it was not arrived at without careful consideration. On the contrary, the method was adopted by Government and accepted by the trade with a

full foreknowledge of the apparent inequality, and also in the belief that not only was there no competition but that the duty on stores and the different basis of manufacture in the larger quantity of yarn employed in weaving the Indian fabrics constituted a fair set-off. The Association still considers there is no competition of any moment, all but a mere fringe of the imported cloths being well beyond the competing limit, and that the set-off is not only a fair one but that the compromise is, if anything, in favor of the English manufacturer, the duty on stores consumed on all yarns and goods exported outweighing, I am directed to state, the actual amount of protection. The amount of protection involved is problematical, but as it is on the cost of the Indian, not the English, cloth, it must be calculated, it can only be ¾ per cent. on a comparatively insignificant amount. The cost of the Indian contribution to the compromise, however, is undoubted and admits of easy computation; it is ·15 of a pie per lb. on 158,853,716 lbs. of yarn exported ... ... Rs. 1,24,104
½ per cent. on Rs. 1,47,66,558 value of cloth exported ... „ 73,832

Rs. 1,97,936

Holding this estimate of the existing position, the Association cannot consider that in fairness any modification of the existing method of levying the excise is called for; but it has been suggested that to remove all appearance of inequality, the excise should be imposed at 5 per cent. instead of on the yarn only, on the market value of all Indian cloths made from yarns over 20s. This solution, if adopted by Government, would, I am directed to say, meet with no objection from this Association, although, in accepting it as a means of closing the controversy, Indian manufacturers would do so with the perfect knowledge that their English competitors would have the advantage of the bargain to the extent of the figure above mentioned. It would also be equally apparent that the Lancashire trade were being dealt with on a different basis from any other English exporters to India, and that, if the principle advocated in paragraph 19, page 15, of the English representation were to be accepted, the home manufacturers of paper, woollen, silk and many other goods would be entitled to the same treatment and measure of justice.

92. This latter consideration would, the Association thinks, be a fatal objection to another proposed mode of meeting the apparent inequality under discussion, *viz.*, to reduce the import duty on the goods made from yarns over 20s by one or even ¾ per cent., and none of the other proposals, which the Association has discussed or has heard mooted, is not more fraught with objection than the one first mentioned.

93. To abolish all duties, import and excise, on yarns, and tax all cloth, English and Indian, at the same rate is one suggestion and, by its simplicity and ease of

application, may appeal to Government. But against it there is the diminution of revenue which would ensue, the inequity of taxing the products of the loom and not the spindle, the fact that the Indian industry would be penalised to the extent of the duty on all the stores consumed, and lastly, but most important of all, the decided protection it would afford to hand-loom weaving—a large and important industry—in competing with power-looms.

94. Yet another alternative has been brought forward and finds favor with Lancashire, failing the total abolition of the duties which is admittedly the real but unattainable object of the entire agitation, and that is to excise all products of Indian mills. The economical unsoundness of this proposition scarcely demands demonstration, and the manifestly inequitable incidence of the tax would probably induce, and rightly so, the most strenuous opposition throughout the country.

95. Altogether the first suggestion to excise Indian goods woven from yarn over 20s instead of the yarn only as hitherto, is apparently open to the least objection and would be productive of least friction, and is therefore so far entitled to support.

96. In any case the question before Government is not easy of satisfactory solution. Any alteration, however slight, will be beset with difficulties, and it is with a certain knowledge of this and a desire to assist the deliberations of Government that I have been directed to discuss the subject so fully and in so much detail. Every calculation has been given and all statistics quoted likely to elucidate the real questions at issue, and I have only to add that, if there is any further information wished for that it is in the power of the Association to supply, it will be happy to place it at the disposal of Government.

I have the honour to be,
Sir,
Your most obedient servant,

JOHN MARSHALL,
Secretary.

APPENDIX.

Exports of Cotton Piece-Goods and Yarn from Great Britain to Foreign Countries and proportion to India in million of yards, lbs. and pounds sterling (January 1st to October 31st, 1887 to 1895).

January 1st to October 31st.	Piece-Goods.				Yarns.			
	All countries.		India only.		All countries.		India only.	
	Yards.	£	Yards.	Per cent.	lb.	£	lb.	Per cent.
1895	4204·4	38·8	1463·2	34·80	213·1	7·7	35·8	16·80
1894	4431·0	42·2	1899·0	42·85	195·0	7·8	32·5	16·66
1893	3807·0	38·9	1496·1	39·30	169·2	7·4	30·8	18·20
1892	4031·2	40·5	1539·0	38·17	195·0	8·1	33·3	17·08
1891	4092·2	43·9	1520·3	37·14	207·4	9·5	41·4	19·96
1890	4273·9	45·0	1688·9	39·52	215·5	10·2	40·7	18·88
1889	4178·0	42·9	1685·3	40·33	211·2	9·7	38·1	18·04
1888	4203·8	44·0	1664·0	39·58	215·3	9·8	44·9	20·85
1887	4022·7	42·4	1501·4	37·32	204·0	9·2	38·5	18·87

Exports of Indian Manufactured Piece-Goods and Yarns by Sea from 1885 to 1895.

Years.	Piece-Goods.			Yarns.	
	Grey and white.	Coloured or dyed.	Total.		
	Yards.	Yards.	Yards.	Bales.	lbs.
1885	71,184,739	5,988,074	77,172,813	223,722	86,693,377
1886	68,171,065	5,258,994	73,430,059	272,300	106,024,856
1887	79,400,234	4,921,099	84,321,333	299,581	117,074,663
1888	88,797,223	5,636,166	94,433,389	343,030	134,622,583
1889	78,140,482	4,837,045	82,977,527	384,729	150,497,237
1890	85,166,237	4,887,121	90,053,358	440,220	171,993,173
1891	88,523,452	5,540,421	94,063,873	465,399	181,645,149
1892	99,754,263	6,837,067	106,591,330	487,773	190,705,398
1893	97,366,292	6,561,214	103,927,506	412,584	159,960,286
1894	118,960,215	6,360,875	125,321,090	468,995	182,123,551
1895*	106,918,966	6,408,597	113,327,563	421,254	163,450,867

* For ten months only (1st January to 31st October).

Export by Sea of Cotton Piece-Goods and Yarns from Bombay (January 1st to October 31st, 1890 to 1895.)

(0000's omitted.)

January 1st to October 31st.	European Piece-goods in million of yards.					Indian Piece-goods in million of yards.			European Yarn.		Indian Yarn.	
	Grey.	White.	Coloured or dyed.	Country dyed.	Total.	Grey and white.	Coloured and dyed.	Total.	Bales.	Million lbs.	Bales.	Million lbs.
1895	65·52	46·03	42·35	35·82	189·72	106·92	6·41	113·33	9·336	2·82	421·254	163·45
1894	65·81	44·20	37·50	27·54	175·05	98·94	4·76	103·70	10·400	3·14	398·946	155·33
1893	69·29	42·19	39·49	26·33	177·27	80·59	5·22	85·81	8·082	2·52	340·547	131·97
1892	62·61	38·12	33·68	30·33	164·74	83·59	5·38	88·97	9·694	2·99	417·112	163·12
1891	67·47	42·40	31·63	28·89	170·39	76·05	4·15	80·20	10·999	3·38	400·510	156·46
1890	62·34	38·05	27·95	27·12	155·46	70·66	3·67	74·33	10·387	3·17	362·731	141·70

Despatches by Rail of Cotton Piece-Goods and Yarn from Bombay (January 1st to 31st October 1890 to 1895.)

Years.	European Piece-Goods.				Country Piece-Goods.		European Yarn.		Country Yarn.	
	Bales.	Maunds.	Cases.	Maunds.	Packages.	Maunds.	Bales.	Maunds.	Bales.	Maunds.
1895	82,635	496,815	23,878	105,987	36,878	204,135	57,210	224,768	9,896	29,369
1894	91,272	547,843	26,006	116,524	42,107	216,712	56,215	229,396	13,088	41,926
1893	105,230	621,353	26,848	119,707	31,210	160,586	58,230	233,847	11,379	30,849
1892	101,054	606,091	31,685	150,169	29,510	158,827	60,260	233,777	16,032	33,984
1891	104,245	648,783	35,970	159,836	30,862	165,309	55,457	214,245	11,440	38,859
1890	84,664	533,080	23,587	101,147	42,351	227,914	37,647	143,738	14,870	56,483

N.B.—A maund is equal to 82⅔ lbs.

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IN THE

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List of Colonial Certificates granted to Masters and Mates during the year ending 31st December 1900.

Names.	Class of Certificate issued.	Number of Certificate in Register.	Date of granting Certificate.	Particulars of Identification.		Remarks.
				Born	At	
1	2	3	4	5	6	7
Masters.						
John Alexander Davidson ...	Master ...	1280	5th January 1900.	2nd September 1873.	Glasgow, Lanarkshire.	
David James Mackay Sim ...	Do. ...	1281	Do. „	7th July 1877 ...	Arbroath, Forfarshire.	
Charles Reginald King ...	Do. ...	1291	8th March „	4th May 1874 ...	Westward Ho Devon.	
Walter James Swan	Do. ...	1298	20th April „	23rd July 1874 ...	Petersfield, Hampshire.	
Tom Lakin Mills	Do. ...	1304	29th May „	15th February 1874.	Devonport, Devon.	
George William Sinclair ...	Do. ...	1315	26th July „	28th October 1873 .	Aberdeen.	
Austin William Hudson ...	Do. ...	1316	27th July „	14th July 1875 ...	London, Middlesex.	
Alexander Nicoll	Do. ...	1320	3rd August „	8th August 1875 ...	Edinburgh, Midlothian.	
Ambrose George Burgess ...	Do. ...	1321	16th August „	6th September 1875.	Arniskirk, Lancashire.	
Frederick George Pittam ...	Do. ...	1324	18th September „	13th November 1878.	London, England.	
Harry Frederick Minett ...	Do. ...	1325	27th September „	3rd July 1874 ...	Do.	
Frederick Vincent D'Lornie ...	Do. ...	1334	2nd November „	11th April 1870 ...	Cochin, India.	
Francis Henry Cooke	Do. ...	1335	21st November „	19th January 1874.	Taunton, Somerset.	
First Mates.						
Benjamin Alfred Barker ...	First Mate ...	1285	12th February 1900.	17th September 1870.	Peterborough, Northamptonshire.	
Frank Albert Bond	Do. ...	1287	6th March „	9th December 1877.	West Hackney, Middlesex.	
Alfred Sidney Poole	Do. ...	1290	8th March „	17th October 1876.	Liverpool, England.	
Arthur Ernest Gadd	Do. ...	1296	5th April „	13th August 1877 .	Southampton, Hampshire.	
Frederick John Earl	Do. ...	1299	20th April „	5th August 1876 ...	Oxford, Oxfordshire.	
Cyril Arthur Graeme Roberts ...	Do. ...	1300	18th May „	6th February 1879.	Belvedre, Kent.	
Bertram Smith	Do. ...	1301	Do. „	17th April 1878 ...	Manchester, Lancashire.	
Frederick Basil Bignold ...	Do. ...	1305	5th June „	30th December 1876.	Dovercourt, Essex.	
William Charles Morris ...	Do. ...	1309	23rd June „	8th May 1868 ...	Birkenhead, Cheshire.	
Edgar Windsor	Do. ...	1317	27th July „	8th March 1876 ...	London, England.	
Archie James Terry	Do. ...	1318	Do. „	13th February 1874.	London, Middlesex.	
Albert Ernest Oliver	Do. ...	1319	3rd August „	12th October 1874 .	Swansea, Glormorgan.	
Howard Canute Davis	Do. Provisional.	1322	2nd August „	24th October 1875 .	Croyden, Surrey.	
Alfred Dodds Storey	First Mate ...	1327	18th October „	16th July 1872 ...	Sunderland.	
Vivian Lockyer Wiles	Do. ...	1328	Do. „	31st January 1878 .	London.	
James Stewart	Do. ...	1329	Do. „	9th January 1876...	Hardgate.	
Harold Shilson	Do. ...	1332	14th November „	30th June 1874 ...	Stockton-on-Tees, Durham.	
Richard Lawrence Threlfell ...	Do. ...	1333	Do. „	20th January 1876.	Gosforth, Cumberland.	
William Forbes Douglas ...	Do. ...	1343	7th December „	8th September 1876.	Dollar, Clackmannon.	
Second Mates.						
Hugh Ross Munro	Second Mate ...	1311	9th July 1900.	19th May 1880 ..	Edinburgh, Midlothian.	
Lionel Arthur Dresser	Do. ...	1345	18th December „	6th November 1879.	Tooting Graveney, Surrey.	
Only Mates.						
William Holmes MacFarlane ...	Only Mate ...	1323	10th September 1900.	18th October 1870.	Doncaster, Yorkshire.	

List of Colonial Certificates granted to Engineers during the year ending 31st December 1900.

Names.	Class of Certificate issued.	Number of Certificate in Register.	Date of granting Certificate.	Particulars of Identification.		Remarks.
				Born	At	
1	2	3	4	5	6	7
First Class Engineers.						
Ernest Richard Weeks ...	First Class Engineer.	1307	14th June 1900.	16th September 1867.	Rochester, England.	
Bertie Reginald Monteith Brebner.	Do. ...	1310	23rd June „	26th March 1872...	Aberdeen, Scotland.	
Ernest Guppy	Do. ...	1330	18th October „	16th February 1877.	St. Ives, Cornwall, England.	
Richard Vincent	Do. ...	1338	27th November „	1st March 1877 ...	Chatham, England.	
Walter Wheatley	Do. ...	1341	1st December „	3rd November 1870.	Newcastle-on-Tyne, Northumberland.	Cancelled, deceased.
Second Class Engineers.						
Robert Wallace Reid	Second Class Engineer.	1282	5th January 1900.	28th February 1875.	Dunoon, Scotland.	
Henry Pape	Do. ...	1283	12th January „	27th July 1874 ...	Banaher, Ireland.	
John Wallace Seggie	Do. ...	1284	Do. „	17th December 1876.	West Calver, Scotland.	
Robert Smith Patterson ...	Do. ...	1286	20th February „	25th September 1877.	Belfast, Ireland.	
John Steven	Do. ...	1288	6th March „	2nd May 1874 ...	Glasgow.	
James Percy Walker	Do. ...	1289	Do. „	4th January 1876...	Montreal, Canada.	
William Henry Neville Stiff ...	Do. ...	1292	14th March „	29th March 1873...	Brixton, London, England.	
Holland Grissell Birkett ...	Do. ...	1293	21st March „	7th September 1876.	Newcastle-on-Tyne, Northumberland.	
Duncan McNeil...	Do. ...	1294	Do. „	5th March 1878 ...	Glasgow, Renfrewshire.	
William John Trevena ...	Do. ...	1295	4th April „	1st September 1876.	Redrath, Cornwall, England.	
David Dorward Boath... ...	Do. ...	1297	5th April „	4th October 1878...	Arbroath, Scotland.	
Joseph John Walsh	Do. ...	1302	19th May „	7th May 1875 ...	Drogheda, Ireland.	
George Taylor Thomas... ...	Do. ...	1303	29th May „	22nd March 1874...	Plymouth, Devon.	
William Charles Constable ...	Do. ...	1306	14th June „	28th March 1878 ...	Rochester, England.	
John Kay	Do. ...	1308	23rd June „	25th February 1876.	Lighnabruaich, Scotland.	
James Charles Nicholson ...	Do. ...	1312	18th July „	1st March 1876 ...	London, England.	
Francis John Farrant	Do. ...	1313	Do. „	20th July 1874 ...	Bothwell, Scotland.	
John Taylor	Do. ...	1314	26th July „	23rd August 1875...	Glasgow, Scotland.	
Donald John MacInnes ...	Do. ...	1326	9th October „	12th July 1874 ...	Parish, Forosay, Isle of Man, Argyleshire.	
Charles Stewart Stoyle ...	Do. ...	1334	15th November „	29th May 1875 ...	Wellington, Ootacamund.	
Daniel Harry Littlepage Morison.	Do. ...	1336	22nd November „	6th October 1875...	Stornoway, Scotland.	
Henry Berril Spiers	Do. ...	1337	Do. „	22nd July 1877 ...	Newburgh, Perthshire.	
Arthur Richard Williams ...	Do. ...	1339	30th November „	10th June 1876 ...	Holyhead, N. Wales.	
George Little	Do. ...	1340	Do. „	18th March 1875...	Auchtermuchty, Scotland.	
Lewis Arthur Parker	Do. ...	1342	6th December „	31st May 1875 ...	Portsmouth, England.	
Andrew Kelly	Do. ...	1344	18th December „	30th August 1874...	Paisley, Scotland.	
James Campbell	Do. ...	1346	19th December „	June 1877... ...	Dumbarton.	
George Norman	Do. ...	1347	Do. „	5th June 1876 ...	Poona, India.	

List of Home Trade Certificates granted to Masters and Mates during the year ending 31st December 1900.

Names.	Class of Certificate issued.	Number of Certificate in Register.	Date of granting Certificate.	Particulars of Identification.		Remarks.
				Born	At	
1	2	3	4	5	6	7
Masters.						
Mates.						
Kither Moheitheen Saheb Alli Saheb.	Mate	1352	20th November 1900.	19th April 1864 ...	Nagore.	
Second Mates.						

List of Sea-going Certificates of Competency issued to Engine Drivers under Act VII of 1884 during the year ending 31st December 1900.

Names.	Class of Certificate issued.	Number of Certificate in Register.	Date of granting Certificate.	Particulars of Identification.		Remarks.
				Born	At	
1	2	3	4	5	6	7
Engine Drivers.						
Alleesab Mahomed Cassim ...	Engine Driver (Sea-going.)	495	10th January 1900.	1869	Bombay, India.	
Mahomed Essack	Do. ..	496	20th April „	1864	Chiplun, Malabar Coast.	
Goolam Hoosein Sheik Ahmed.	Do. ...	497	19th June „	1869	Bánkot, Ratnágiri.	
Abdool Gufoor Dadasaheb Purkur.	Do. ...	498	2nd August „	4th June 1873 ...	Harnai.	
Sheik Ahmed Bhowoodeen ...	Do. ...	499	22nd August „	1863	Dábhol, Ratnágiri.	
Esmalkhan Ebramkhan ...	Do. ...	500	13th November „	1862	Bombay.	
Fazloodeen Mahomed Issack ...	Do. ..	501	28th November „	1869	Bánkot, Rátnágiri.	
Sheik Mahomed Dadoomiya ...	Do. ...	502	6th December „	1859	Dápoli, Zilla Ratnágiri.	
Mahomed Ismael Mahomed Hoosein.	Do. ...	503	18th December „	1865	Harnai, Colthar, Ratnágiri.	

GOVERNMENT OF BOMBAY.

MARINE DEPARTMENT.

List of Inland Certificates of Competency issued to Engineers and Engine Drivers during the year ending 31st December 1900.

Names.	Class of Certificate issued.	Number of Certificate in Register.	Date of granting Certificate.	Particulars of Identification.		Remarks.
				Born	At	
1	2	3	4	5	6	7
First Class Engine Drivers.						
Sheik Abdoola Mahomed Hooseini.	First Class Engine Driver.	34	20th February 1900.	1870 ...	Shewardhan, Hupsán.	
Sheik Ebram Sheik Enoos ...	Do. ...	36	21st March „	1871 ...	Bánkot, Ratnágiri.	
Mea Abdoola	Do. ...	37	Do. „	1857 ...	Khed, Koncan.	
Ebrahim Harcon	Do. ...	39	3rd November „	1866 ...	Harnai, Ratnágiri.	
Second Class Engine Drivers.						
Sheik Mahomed	Second Class Engine Driver.	33	22nd January 1900.	1870 ...	Dábhol, Ratnágiri.	
Moobarak Singoor	Do. ...	35	6th March „	1836 ...	Bombay, India.	
Sheik Oosman Sheik Mamon ...	Do. ...	38	18th July „	1864 ...	Dábhol, Ratnágiri.	
Abdool Guffoor Mahomed Jaffer.	Do. ...	40	14th November „	1872 ...	Shiwardhan, Zilla Alibág.	

GOVERNMENT OF BOMBAY.

MARINE DEPARTMENT.

List of Inland Certificates of Competency issued to Masters and Syrangs during the year ending 31st December 1900.

Names.	Class of Certificate issued.	Number of Certificate in Register.	Date of granting Certificate.	PARTICULARS OF IDENTIFICATION.		REMARKS.
				Born	At	
1	2	3	4	5	6	7
Second Class Masters.						
Baba Abdoola	Second Class Master.	53	23rd January 1900.	1875	Rájápur, India.	
Sheik Ally Sheik Hassan ...	Do. ...	56	3rd August „	1853	Dábhol, Ratnágiri.	
Bandin Kumroodin Dabeer ...	Do. ...	58	26th September „	7th April 1863 ...	Umbhargher, Ratnágiri.	
Syrangs.						
Sheik Essoof Moosa	Syrang ...	54	6th March 1900.	1864	Ratnágiri.	
Sheik Oosman	Do. ...	55	9th July „	1873	Bánkot, Ratnágiri.	
Sheik Oosman Mohideen ...	Do. ...	57	18th September „	1859	Ratnágiri.	
Jamaludeen Bapoo	Do. ...	59	17th December „	1843	Harnai.	
Rama Poshia	Do. ...	60	21st December „	1875	Bánkot.	

F. BARWICK, Commander, R. I. M.,
Port Officer, ~~Bombay~~ and
President, Board of Examiners.

CEYLON.

CORRESPONDENCE

RELATING TO

ELEMENTARY EDUCATION IN CEYLON.

Presented to both Houses of Parliament by Command of His Majesty.

March, 1906.

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CEYLON.

ROYAL ASIATIC SOCIETY LIBRARY OF THE BOMBAY BRANCH OF THE

CORRESPONDENCE

RELATING TO

ELEMENTARY EDUCATION IN CEYLON.

No. 1.

LIEUTENANT-GOVERNOR ASHMORE to MR. LYTTELTON.

(Received October 9, 1905.)

SIR, The Queen's Cottage, Nuwara Eliya, Ceylon, September 19, 1905.

I HAVE the honour to forward copies of the report of the Commission appointed to enquire into and report upon the Education Question.

I have, &c.,

A. M. ASHMORE,
Lieutenant-Governor, &c.

Enclosure in No. 1.

ELEMENTARY EDUCATION IN CEYLON.

REPORT OF THE COMMISSION APPOINTED BY HIS EXCELLENCY THE GOVERNOR ON JANUARY 21, 1905.

COMMISSION.

In the name of His Majesty EDWARD THE SEVENTH, by the Grace of God, of the United Kingdom of Great Britain and Ireland, and of the British Dominions beyond the Seas, King, Defender of the Faith.

By His Excellency Sir HENRY ARTHUR BLAKE, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Governor and Commander-in-Chief in and over the Island of Ceylon, with the Dependencies thereof.

HENRY A. BLAKE.

To the Hon. Mr. H. WACE, C.M.G.; J. HARWARD, Esq.; the Hon. Mr. J. N. CAMPBELL; the Rev. H. HIGHFIELD*; and D. B. JAYATILAKA, Esq.

Greeting.

WHEREAS we deem it expedient that a Commission should issue to inquire into and report on the Education Question with a view to proposing practical steps to

* The Very Rev. J. Cooreman, S.J., Vicar-General, Galle, was appointed a Member of the Commission on the departure from the Island of the Rev. H. Highfield.

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give effect to the suggestions contained in the report of the Committee appointed in 1901 to advise on the general question of imposing a cess for educational, medical, and other local requirements:

Now know ye that we, the said Governor, reposing great trust and confidence in your prudence, ability, and fidelity, have, with the advice of our Executive Council, in pursuance of the powers in us vested by the Ordinance No. 9 of 1872, nominated, constituted, and appointed, and by these presents do nominate, constitute, and appoint you, the Hon. Mr. H. Wace, C.M.G.; J. Harward, Esq.; the Hon. Mr. J. N. Campbell; the Rev. H. Highfield*; and D. B. Jayatilaka, Esq., to be our Commissioners for the purposes aforesaid, with authority to exercise all the powers which Commissioners appointed under the said Ordinance may lawfully use and exercise.

And we do hereby nominate, constitute, and appoint you, the Hon. Mr. H. Wace, C.M.G., to be the Chairman of the said Commission.

And we do further hereby authorize and empower you, our said Commissioners, to make all necessary inquiries in the said matter, and to report to us under your hands within six months from this date, or so much earlier as may be possible, upon the matter referred to you as aforesaid.

Given at Colombo, under the Seal of this Island, this Twenty-first day of January, in the Year of our Lord One thousand Nine hundred and Five.

By His Excellency's command,
A. M. ASHMORE,
Colonial Secretary.

REPORT.

Terms of Commission.

This Commission has been appointed "to inquire into and report on the Education Question with a view to proposing practical steps to give effect to the suggestion contained in the report of the Committee appointed in 1901 to advise on the general question of imposing a cess for educational, medical, and local requirements." It has also been directed to report on the following points: the education of the children of Tamil coolies employed on estates, the question whether the system provided by the Draft Ordinance for the establishment of Municipal Schools should be extended to Gansabhawas, and the question whether the duty of providing furniture in Government Schools should be transferred to Gansabhawas.

Interpretation of the duties expected of the Commission.

2. We have felt justified in interpreting somewhat freely the main duty assigned to us. We are not able to recommend any scheme for giving effect to the exact recommendations of the Commission appointed in 1901, nor to anything that very closely approximates to them. We have nevertheless thought it our duty to investigate fully the question of a general scheme for compulsory education, and to consider within what limits such a scheme is possible, how the difficulties arising from differences of religion are most likely to be overcome, how the localities concerned can be entrusted with powers which will give them some voice in educational questions, and how a larger portion of the expenditure can be brought into relation with funds raised locally. We consider that the education of the children of Tamil coolies resident on estates cannot form a part of the local organization which we recommend, and we have made separate recommendations on this subject. The other two points referred to us are dealt with in the course of our report on the general question. As this report may be read by some who are not familiar with local circumstances, we will begin by a very brief description of the existing system of education in Ceylon.

The existing system of elementary education.

Government schools.

3. The elementary education of Ceylon, so far as it is under State control, is carried on by schools which, from the point of view of their relation to the State, fall into two classes: Government Schools and Aided Schools. The Government Schools are immediately under the Department of Public Instruction, which appoints and pays their teachers, and provides them with books, furniture, and apparatus, the funds for this purpose being voted annually to the Department from the general

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* See note on page 3.

revenue. The Department is not responsible for the construction and upkeep of buildings nor for the enforcement of regular attendance; both of these duties are carried out by the Gansabhawas or Village Committees, which work under the general direction and supervision of the Government Agent of the Province. All residents within the area of a Village Committee are liable to a stated number of days' labour in each year, which can be commuted by a money payment; the Committee has other small funds at its disposal. The construction and repair of school buildings are carried out partly by the actual labour of the villagers, partly by means of the funds at the disposal of the Committee. Attendance at school is enforced by prosecution before the Village Tribunal, which has the power of inflicting small fines. The powers of the Village Committees and Village Tribunals are defined by Ordinance No. 24 of 1889 and by the rules for Village Committees which have been sanctioned under that Ordinance. Of the children now receiving elementary education, a little less than one-third are attending Government Schools.

Aided schools.

4. Aided Schools are carried on either by religious bodies or by private individuals. They are inspected and examined by the Department of Public Instruction, which pays them a grant on the results of an annual examination. The funds for this purpose are voted annually to the Department of Public Instruction from the general revenue. The Managers are responsible for the maintenance and upkeep of buildings, and for all other expenses. The rules for the registration of these schools and the payment of grants are contained in the Code for Aided Schools. Seven Christian denominations are engaged in the management of Aided Schools, viz., the American Mission, the Baptists, the Church of England, the Presbyterians, the Roman Catholics, the Society of Friends, and the Wesleyans; there are a large number of Buddhist Schools, most of which are under the Buddhist Theosophical Society; a large number of Sivite Schools, which are under private management; and a few Mohammedan Schools. Rather more than two-thirds of the children now attending schools are educated at Aided Schools. It should be observed they have no system of compulsory attendance.

Vernacular and English schools.

5. Schools are also classified according to the nature and range of the instruction given in them; but the usual distinction between primary and secondary instruction is, in Ceylon, replaced in a great measure by the distinction between Vernacular and English Schools. The children attending Vernacular Schools are a large majority, about 85 per cent., of the total number under instruction; these schools are free, and provide a good education in Sinhalese or Tamil, in accordance with a syllabus, the range of which corresponds closely to that of English Elementary Schools as they were a few years ago. In the English Schools fees are charged, and these schools provide the higher education of the Island.

Distribution of Government and Aided schools.

6. The policy of the Government in the past has been to avoid intruding Government Schools into localities which either were, or seemed likely to be, provided for by Aided Schools; and it has carried this policy to such lengths that many places have been left either quite unprovided for, or very insufficiently provided for, owing to the unwillingness of the Department to intrude into areas where Managers of Aided Schools were working. The larger towns and the Tamil portions of the Island, viz., the Northern and Eastern Provinces, have been left almost entirely to the Managers of Aided Schools. In the rural portions of the Sinhalese districts the work is divided between the Government and Aided Schools, the Aided Schools predominating in the coast districts and in the neighbourhood of the towns, the Government Schools in the interior and especially in the Kandyan Provinces.

Distribution of religions.

7. Some knowledge of the distribution of religions in Ceylon is essential to a proper comprehension of the question before us. The Census of 1901 showed the population of the Island to be then 3,595,954. Of this total approximately 60 per cent. were Buddhists, 23 per cent. Hindus, 10 per cent. Christians, 7 per cent. Mohammedans. The total number of Christians was 349,239, of whom 287,419 or 82·3 per cent. were Roman Catholics; of the remainder 32,514 or 9·3 per cent. of the Christians were members of the Church of England, and 14,991 or 4·3 per cent. were Westleyans. The other denominations are numerically small. No solution

of the question before us is likely to be satisfactory which does not fairly recognize the fact that 90 per cent. of the population of the Island is non-Christian, and that 82 per cent. of the Christian population is Roman Catholic.

Numbers now under instruction and the cost of educating them.

8. The total number of children under instruction at Government and Aided Schools in 1904 was 205,905, of whom 140,502 were boys and 65,403 were girls. The total nett expenditure of the Department of Public Instruction on education, including higher education and the cost of direction and inspection, was Rs. 1,013,765. This does not include the expenditure of the Village Committees on the construction and upkeep of buildings; the average annual expenditure from this source for the last five years has been Rs. 27,653. It will be seen that the average annual cost to Government of each pupil under instruction is only a little over Rs. 5. About 80 per cent. of the expenditure of the Department is devoted to elementary education, and the actual cost to Government of the education of each child in a Vernacular School is Rs. 4·07 for Government Schools and Rs. 3·33 for Aided Schools. Of the 205,905 pupils under instruction in 1904, 175,266 were attending Vernacular Schools and 30,639 were attending English Schools.

Unaided schools.

9. Besides the children attending Government and Aided Schools, the returns for 1904 showed a total of 40,477 pupils attending Unaided Schools. A few of these are receiving a satisfactory education in institutions devoted to higher instruction; some are in schools which have applied for registration and have not yet received it. But the large majority are in schools where the instruction is so poor as to be practically worthless. In the figures which we have given we have assumed that those who are not attending Government and Aided Schools may be included among those for whom education still has to be provided.

Estimate of further provision necessary.

10. In the appendix to this report we give a table showing in detail the number of boys and girls attending Government and Aided Schools in the Municipalities and Local Boards, and in each Chief Headman's Division throughout the Island, side by side with an estimate of the number of boys and girls of school-going age. (See Appendix I.) In estimating the latter number we have followed the proportion adopted for this purpose in India, viz., 15 per cent. of the population. This gives an average school life of about six years, which may be regarded as sufficient for a population of which 88 per cent. is rural. In the same table we have given the actual expenditure from revenue on each Chief Headman's Division.

11. The following is a summary of the figures for each Province, showing merely the area, population, the number of boys and girls respectively who ought to be under instruction, and the number of each who actually are under instruction:—

Province.	Area in Square Miles.	Population.	Boys of School-going Age.	Boys at School.	Girls of School-going Age.	Girls at School.
Western	1,431¾	920,683	73,297	56,916	64,994	30,796
Central	2,208	622,832	50,875	16,093	42,534	3,282
Northern	3,363	340,936	25,828	21,361	25,374	7,646
Southern	2,145¾	566,736	43,300	24,589	41,697	8,694
Eastern	4,036½	173,602	13,576	6,127	12,455	1,663
North-Western	2,995¾	353,626	29,548	10,312	24,084	3,212
North-Central	4,002¼	79,110	6,489	2,611	5,374	192
Uva	3,154$\frac{19}{32}$	186,674	15,135	2,732	12,862	491
Sabaragamuwa	1,900$\frac{5}{56}$	321,755	25,807	8,923	21,741	1,249

Deducting the estate population the figures for the boys and girls of school-going age are as follows:—

Province.	Boys.	Girls.
Western	70,971	63,301
Central	27,174	23,466
Northern	25,695	21,279
Southern	42,543	41,181
Eastern	13,489	12,391
North-Western	28,603	23,573
North-Central	6,489	5,374
Uva	10,823	9,408
Sabaragamuwa	20,970	17,859

Proposal of Committee appointed in 1901.

12. We are now in a position to criticize in a manner which will be intelligible the proposals of the previous Committees which have reported on the question. We give in full in the appendix the report of the Committee appointed in 1901, and the report of the Committee on the Educational Cess, which was appointed in 1903 as a Sub-Committee to the Commission of the Incidence of Taxation. The main points in the report of the 1901 Committee are as follows:—

(1) Government should take steps to compel parents to give their children a good vernacular education.

(2) A proportion of the cost should be borne by the locality.

(3) The general conditions with regard to property in the Island are such that the assessment and recovery of a rate on property is not, in the present circumstances, possible.

(4) For educational purposes the Island should be divided into areas, each of which should, as a rule, correspond with the area under a Village Committee. Each area should be compelled to provide for its own education, half the cost being met from general revenue, and half from a local fund.

(5) The local fund should consist of fixed sums paid by individuals, the population being divided into three classes: the rich, the moderately well off, the poor.

(6) The religious difficulty is to be got over by making attendance at religious instruction voluntary and prohibiting religious instruction after 9 a.m.

(7) Grants in Vernacular Schools should be increased, those in English Schools should be lowered. (N.B.—The Committee describe English Schools by the term Anglo-Vernacular.)

(8) Areas in which adequate provision for instruction is made without this system are excluded from its operation, and the hope is expressed that this will as a rule be done, and that the areas concerned will prefer to meet the cost of education by paying school fees rather than tax themselves in the manner prescribed.

Proposals of Sub-Committee of Educational Cess.

13. The very brief report of the Committee on the Educational Cess contains nothing but a guarded recommendation that the above proposals should be tried experimentally in a limited area.

Compulsory Education Boys.

14. In their general recommendation with regard to compulsory education the Committee of 1901 do not seem to have considered separately the question of female education. We will reserve this question for separate treatment, and will first

consider whether the time has come for the introduction of a general system of compulsory education for boys.

Three questions have to be faced:—

(1) Is it desirable that the male population as a whole should receive some elementary education?

(2) Should the attendance be made compulsory in places where schools exist?

(3) Should schools be established compulsorily in places where they do not exist?

If the first of these questions is answered in the negative, it is unnecessary to discuss the other two.

Is general education desirable?

15. There are very few who could now give it a negative answer, if the discussion concerned a European country; but there are some who would answer it in the affirmative in Europe, and in the negative in Ceylon. The only ground for a negative answer, that we are aware of, is that education will unfit the population for a life of labour. The answer to this seems to be that it will only have this effect if it is imparted on unsuitable lines and by unsuitable methods. If we give to the labourer the education which will fit him to be a clerk, the results are naturally bad for the community. But must we necessarily make this mistake? Is it impossible to give in rural schools an education suited to the after life of the cultivator? On the other hand, if boys do not attend school, how are they spending the time during which their character and habits are being formed? If from an early age they are set to regular and systematic outdoor work, they are receiving an education which is not without its value; and it is not hard to imagine circumstances in which a wise legislator will consider an education of this kind sufficient. In Ceylon this condition is not often fulfilled; in most parts of the country boys who are not sent to school are not set to any regular work; they are not acquiring habits of industry; but for most of their time they are running wild and in many cases they grow up without the most rudimentary sense of self-control. A population of this kind is a source of danger to any country, but especially so to a country in which wealth is rapidly on the increase even among the labouring classes. Nor would it be right to ignore the material interest of the villager himself. What has been recently said of India is equally true of Ceylon: "The cultivator has been brought into contact with the commercial world, and has been involved in transactions in which the illiterate man is at a great disadvantage." (Resolution of the Governor-General in Council, March 11, 1904.)

Should attendance be made compulsory.

16. Should attendance be made compulsory?

With the exception of one or two districts of the Islands, little good will be done by any system which does not enforce compulsory attendance. The Dutch, who had an extensive and successful system of Vernacular Schools throughout the portions of the Island which were under their rule, found it necessary to enforce attendance by fines, and did so regularly. Parents, throughout a large portion of the Island, exercise very little control over their children, and will leave them to do as they like in the matter of school attendance. The result is that where there is no compulsion boys attend very irregularly and leave school very early. That compulsory attendance is desirable, we have no doubt. It is already enforced in Government Schools. Can it be enforced in denominational schools without doing an injustice to some of the children? This brings us to the vexed question of a conscience clause.

A conscience clause.

17. Denominational schools in Ceylon have hitherto received grants without being obliged to carry out any conscience clause. In order to understand the position it is necessary to remember the figures given above with regard to the distribution of religions. The schools which are under Christian management fall roughly into two classes: those which are Roman Catholic and those which are not. In the Roman Catholic Schools it is generally the case that a majority of the children—often a large majority—are Roman Catholics. In the other Christian Schools it is generally the case that a large majority of the children are not Christians at

all; in fact, cases are not unknown in which every child in a school under Christian management is either a Buddhist or a Sivite. The Roman Catholic Schools are the only considerable body of Christian Schools of which the main object is to provide an education for children of their own denomination. The main object of the other schools under Christian management is to convert to Christianity the non-Christian children attending them. There is something anomalous in a system under which funds raised by taxation are used to support a movement for changing the religion of those taxed. It owes its existence to the willingness of missionaries to act as pioneers of education at a time when there was no other means of providing for the educational wants of the country, and we believe that all parties are grateful for what they have done. But even if education remains voluntary, we doubt if public opinion will permanently allow payment of grant, unless it is coupled with some guarantee that religious instruction shall not be given to those who disapprove of it. Such a guarantee must certainly form a part of any system under which attendance at schools is compulsorily enforced.

Form of conscience clause.

18. Care should be taken that the conscience clause which gives this guarantee should be drawn up in a form suited to the circumstances of the schools for which it is intended. It should not be assumed that a form which is generally approved in England is necessarily the best for Ceylon. There are many Managers whose objections to a conscience clause would be removed if it contained no provision preventing them from insisting on religious instruction for children of the denomination to which the school belongs, and if those who are excused from religious instruction remain in school doing other work during the period assigned to it. In place of the regulation suggested by the Committee of 1901 we suggest a regulation to the effect that religious instruction should be given only during periods specified in the time table; that it should not be given to pupils of other denominations except with the consent of the parents obtained for that purpose by the teacher or Manager, and that pupils who do not take part in it should be given other work during the periods assigned to it, provided that if parents object to their children being present in the room when the religious instruction is in progress, such work shall be given to them in some other part of the school premises.

Views of religious bodies with regard to a conscience clause.

19. We have collected the opinions of all the leading Managers of schools on the general question of the introduction of a conscience clause. All the non-Christian Managers are strongly in its favour; the Roman Catholics, the American Mission, and some of the Church of England clergy have no objection to it. The Baptists and the Society of Friends object to it. The Wesleyan Synod, which is responsible for the management of several large groups of schools, reply that they already carry out a conscience clause in practice, and that the attendance of scholars during the period set apart for religious instruction is voluntary in their schools, but that they are not prepared to accept a conscience clause in the Code. We do not understand this attitude. The clergy of the Church Missionary Society, an important section of the Church of England, object to a conscience clause, and the two Managers responsible for their largest groups of schools say that its introduction will oblige them to close their schools. We hope that some of these objections will disappear if the regulation is introduced in the moderate form in which we have recommended it. But it can hardly be expected that any step which introduces a restriction in place of complete liberty will be received without some objections.

Further objections to compulsory education.

Conscientious scruples.

20. The introduction of a conscience clause will not remove every objection to compulsory attendance. We have received a strong protest from His Excellency the Papal Delegate, who, while approving of legal measures for enforcing the attendance of children at schools of their own denomination, objects to such a compulsion when children are forced to attend schools under another denominational management. In localities where the educational wants are met by denominational schools it may happen that the authorities of one denomination are on conscientious grounds reluctant to allow their children to attend a school under another denominational management; and yet the number of children may be so small that the establishment of a separate school is impossible. In such cases the proper authorities of any religious body should be allowed to make their objection known to the Director of Public Instruction, who should grant exemption from attendance at the school to which exception is taken.

Suggestion that all schools should be State schools.

21. The Wesleyan Synod, in a letter given in full in the appendix to this report, Appendix VIII. (*d*), while agreeing that compulsion is the only solution of the educational difficulty, considers that such a system must be purely secular, that there must be no teaching of any religion, that religious matters should be excluded from reading and other school books, that any system of compulsory education should be controlled and administered by the Government *directly* and not through the agency of private individuals and corporations. A similar view is stated in forcible terms by the Rev. J. H. Dickson and the Rev. G. G. Brown of the American Mission. The Synod states its opinions as if they were axioms; the Rev. J. H. Dickson bases his attitude on his experience of State Schools in the United States. We have given our best consideration to these views, but we can see no reason why they should be accepted as universally applicable. There are a large number of Aided Schools doing good work in Ceylon: the Managers of them are quite willing that they should form a part of a compulsory system. There seems to be no reason why this machinery should be broken up and an entirely new system introduced in its place.

Compulsory establishment of schools.

22. Assuming that compulsory attendance is to be enforced at existing schools, are we to go on and insist that schools shall be established in localities where they do not exist? A study of the detailed table given in the appendix will show that there are some parts of this Island where such a step is not possible. For instance, the Tunukkai division of the Northern Province has an area of 446 square miles, but has only 59 boys of school-going age. The Mantai division of Mannar has 644 square miles, and only 713 boys. The Magam pattu of the Southern Province has 641 square miles, and only 673 boys. The Bintenna pattu of the Eastern Province has 677 square miles, and only 363 boys. Such districts cannot be compelled to provide themselves with schools. But in all parts of the Island where the population is sufficiently dense the provision of schools for boys should now be made compulsory; and improved local organization should be introduced for the purpose. There has, it is true, been progress under a system which has relied on the efforts of religious bodies and the action of Village Committees; but the rate of progress is slow. It has taken 35 years to do less than half of the work, and the time has come when some systematic steps should be taken for bringing it, as far as possible, to something like completion.

Compulsory education of girls.

23. At the present time only about 25 per cent. of the girls of school-going age thoughout the Island are attending school. While this number compares very favourably with the number of girls educated in India, it is still a very small proportion. It is also very unevenly distributed. This can be seen at once from the table given in Section 9 and more clearly from the detailed table given in Appendix I. The number of girls at school in the Western Province is comparatively large. It is very small in the Tamil Provinces (the Northern and Eastern) and in the Kandyan Provinces of the Sinhalese part of the island (the Central, North-Western, North-Central, Uva, and Sabaragamuwa). In the whole of the North-Central Province there are now only 192 girls at school. We direct attention to the following extract from the report of the Director of Public Instruction for 1903:—

> "It would be unwise at present to attempt to carry out any wholesale measure for compulsory female education. It is one of the things to which the Oriental mind requires to be habituated gradually; when the villagers have seen voluntary girls' schools at work for some time, and good instead of harm resulting from them, they become anxious to have girls' schools in every village. This is now actually the state of things in many parts of the low-country Sinhalese districts, and it is desirable that steps should be taken to meet this demand. It is only by female education that a better standard of home life can be attained in these districts. The Matara District is a case in point. There has been a marked growth in prosperity unaccompanied by any development of the refining influences of home life or by any additional care in the home training given to children. The result has been that increasing wealth has brought with it a startling increase in crime.
>
> "In many parts of the Kandyan districts female education is still regarded with strong dislike and distrust, based perhaps on the idea that it

will upset the traditional customs of home life, and render women unable or unwilling to perform those duties which are usually assigned to them. Whatever its cause, there is no doubt about the reality of the feeling, and it is better not to show impatience in dealing with it. In some places it is rapidly disappearing. In others, where no girls' schools whatever exist, opportunities will be found for starting a change in feeling by means of one or two schools which receive the personal interest of an enlightened Ratemahatmaya. In the Tamil districts the girls' boarding schools provided by Mission bodies still form the main part of what is done in the way of female education. It is impossible to go into these institutions without being favourably impressed with the work done in them. But it is not easy to form an estimate of the influence which that work has had on the life of the villager. It does not seem to have led to the same demand for female education among the people themselves which forms a striking feature in many places in the Western Province. This may in some measure be due to the difference between the feelings and traditions of the Hindu and those of the Sinhalese. On the other hand, it is possible that the same cause might have led to the same effect if the girls' boarding schools had been accompanied by the establishment of girls' schools instead of mixed schools in the villages."

We think that there are many parts of the low-country Sinhalese districts in which the attendance of girls at school might be made compulsory when separate girls' schools (not mixed schools) are accessible, also that the provision of girls' schools should gradually be made compulsory throughout the greater part of the Western Province, of the Galle and Matara divisions of the Southern Province, and of the Chilaw District of the North-Western Province; but these steps should be taken cautiously and under careful supervision of a competent local authority. In the rest of the Island everything should be done to encourage the establishment of girls' schools, but it will be better to defer for the present any attempt at compulsory action.

Probable cost of these steps

24. These steps, if they are successfully carried out, should bring into school within a comparatively small number of years about 80,000 additional boys and 60,000 additional girls. The cost of educating these will probably be not less than Rs. 600,000; to this must be added the cost of additional provision for inspection and for the training of teachers. A Government institution for the training of female teachers is urgently necessary. It may be assumed that within the next ten years the cost of education will rise from Rs. 1,000,000 to about Rs. 1,700,000, After that date the gradual development of female education will cause a further but less rapid increase, bringing the total ultimately to about Rs. 2,200,000. How is this increased expenditure to be provided for?

Financial proposals of the Committee of 1901.

General consideration.

25. The view that a portion of the cost of elementary education should be met by funds specially raised in the locality has been adopted as the basis of the English system. There seems to be no reason why such a view should be regarded as universally and necessarily applicable. Even in England the area of the locality has been largely increased by recent legislation. In Ceylon education has made considerable progress under a system which throws almost the whole cost on the general revenue of the Island. There is a certain unfairness about such a system so long as some localities are receiving no educational benefit. But if education is to be made general there seems to be no reason in the nature of things why such a system should not be continued, provided that the revenue of the country can bear the charge and that taxation is evenly distributed. The Committee of 1901 was not invited to express an opinion on the general question whether this system should be changed, but to suggest a scheme for transferring a part of the cost from general to local revenue. The question is: Can a new local revenue be devised which can be raised without undue friction, and which fairly distributes the burden between all classes?

Rate on property said to be impossible.

26. The only fair way of raising a local revenue is by a rate on property. A large part of the report of the Committee of 1901 is devoted to proving that such a rate is impossible in Ceylon. With this position we are inclined to agree—at any rate so far, that a rate on property is impossible until a complete survey of the Island becomes available.

Graduated cess.

27. In place of a rate on property the Committee proposed a graduated cess, the population for this purpose being divided into three classes. We cannot recommend the adoption of this course. It would throw an additional burden on the poor; it would give to the Government Agents, whose duty it would be to divide the population into the three proposed classes, an invidious and almost impossible task; and it would lead to widespread discontent, and possibly to resistance by the rural population.

Can any other means be found? The Road Tax.

28. We have then to face the question: Can any other means be found by which a part of the financial burden of education can be thrown upon the locality? To this we reply that we cannot suggest any scheme at present for raising *new revenue* from local areas. There is, however, a considerable revenue already raised from localities, two-thirds of which are now diverted from local to general purposes; we refer to the Road Tax. The Road Tax, which is virtually a poll tax of Re. 1·50 per head on males between the ages of 18 and 55, collected by the Government Agent through the village headmen, fulfils the condition of being a local cess. Two-thirds of this, after subtracting cost of collection and making certain other deductions, are now handed over to Government for the upkeep of provincial roads and resthouses by the Public Works department. We suggest that the whole of it, after deducting cost of collection, should be placed at the disposal of local authorities and utilized for the following local purposes:—

(1) Upkeep and extension of minor roads and works;

(2) Education;

(3) Dispensaries.

The first of these is already provided for by the District Roads Committee, which receives one-third of the nett sum available. We do not propose to interfere in any way with this body; but we propose that the balance now handed over to Government should be utilized for the purposes marked (2) and (3). The amount which would probably be available in each province is shown in the table in Appendix IV., which gives the figures for 1904. There is a total of Rs. 331,326; a small fixed fraction of this in each province (say, one-twelfth) should be assigned to dispensaries and should be handed over to Government as a local contribution towards their cost. The remainder should be handed over to a new District Schools Committee, the constitution of which we will describe shortly. This Committee should be empowered to devote one-third of its funds, after deducting working expenses, to providing furniture in Government Schools, and to making grants to Gansabhawas and other bodies in part payment of the cost of the erection and extension of school buildings. The remainder should be paid to revenue as a contribution to the cost of salaries and grants within the area of the province.

29. This small contribution to revenue does not of course form a solution of the large financial problem which has been put before us. It is in fact less than the sum which will be withdrawn from revenue by the transfer of the funds from Government. But the local fund thus created will be extremely useful, and without some aid of this kind it is not easy to see how the local bodies can meet the full cost of providing new buildings for the large number of children who will, if our proposals are adopted, be brought into school within a short period of time. It also will form a nucleus to which, in the future, additional local revenue may be attached; but until an assessed rate is possible we cannot suggest any immediate means of raising additional local revenue. There has been a large expansion of the revenue of the Island during recent years, and in view of this we think that Government should reconsider the question whether the whole of the increased educational charges cannot be met from the natural expansion of the revenues raised from existing sources. If this view is not adopted, and if fresh sources of revenue are thought to be necessary, we think that such new sources of revenue should take the form of indirect taxation. We have not thought it a part of our duty as a Commission to investigate precisely the question what form this new indirect taxation should take; but we give in Appendix IX. figures which have been submitted to us by one member of the Commission as indicating sources from which, in his opinion, additional revenue might be raised. It has also been suggested that a

considerable revenue might be raised throughout the Island by a slight modification in the mode of the recovery of the Salt Tax, without affecting prejudicially the retail price of the article.

Direct contribution of the villager.

30. It should be added that we do not propose to relieve the villager of any of his existing obligations. He will continue to contribute in money or labour the full amount that he now contributes under the Thoroughfares Ordinance and under the Village Communities' Ordinance (No. 24 of 1889). The existing procedure of both Ordinances will be retained. The contributions under these in labour or its commuted value, which generally amount to Rs. 2, are a sufficient annual burden for the ordinary villager, and should not be augmented by a further annual cess for educational purposes. He will, however, be liable to make a special contribution when a new building or the extension of an existing building is required for a school in the actual area in which he lives. It is already usual in some districts, when funds are required for new school buildings, for a special contribution of Re. 1 per head to be imposed and recovered by the Village Committee on the adult males residing within a given radius of the school. This liability should be retained, and such contributions should be adopted as a general procedure when new buildings or extensions of existing buildings are required: a clause should be inserted in the Ordinance to legalize their recovery, if there is any doubt about its legality. But even when these contributions are levied the funds for buildings are at present inadequate, except in some few cases where the Village Committee is in receipt of a revenue from exceptional sources. The following is a summary of accounts of the cost of erecting a new building at Pilessa, a large village in the North-Western Province:—

	Rs.
Collections at Re. 1 per head	1,104
Contribution from Village Committee funds	669
	1,773
	Rs.
Expenditure on new building	1,773

In this case the Village Committee funds had been swollen by receipts from exceptional sources. Under ordinary circumstances Village Committees have no funds at their disposal which would enable them to make a contribution of anything like this amount to a single work without prejudice to other claims on them. When they are called on to face the task of providing a large number of school buildings within a short time, they will in many cases require further assistance, and it is desirable that the District Schools Committee should have at its disposal a sum from which this help can be given. This difficulty will be met by the fund which we propose to place in the hands of the District Schools Committee.

Existing local organization. The Province and District.

31. The changes in local organization which we suggest will be best understood if we describe the existing local government of rural districts. We will omit for the present all reference to Municipalities and Local Boards. Ceylon is divided into nine provinces, which, with the exception of the North-Central Province and the Province of Uva, are subdivided into revenue districts. The Western and Eastern Provinces and the Province of Sabaragamuwa each consist of two revenue districts; the Central, Northern, Southern, and North-Western Provinces each consists of three revenue districts. Each province is under a Government Agent, who exercises administrative control over the whole province, and, where it is divided into revenue districts, is also in charge of the revenue district attached to his own Kachcheri; the other revenue districts are administered by Assistant Government Agents under the general direction and supervision of the Government Agent. The Provincial Roads Committee and the District Roads Committee, whose powers are defined by the Thoroughfares Ordinance, deal with expenditure of funds collected under that Ordinance only. But there is no general representative body exercising functions of local self-government, corresponding to the County Council in England or the District Council in India.

The Chief Headmen's division.

32. The province or district is divided into smaller areas called divisions, each of which is under a Chief Headman, a Mudaliyar in Maritime or Ratemahatmaya in Kandyan Sinhalese Districts, a Mudaliyar or Maniagar in Tamil Districts. These areas vary considerably in numbers and size: in the North-Central Province there are only four divisions, in the Western there are eleven, in the Central fifteen. The division is the most important unit of native local government, especially in the Kandyan Provinces, where the Ratemahatmaya retains much of the prestige and influence of a territorial chief. There is no body exercising functions of self-government for the division as a whole.

The Village Committee.

33. The only local body which exercises functions of self-government in rural districts is the Village Committee or Gansabhawa, which is elected every five years by the male residents of the area over which it has control, its power and duties being defined by the Ordinance No. 24 of 1889. The unit of area under this body is not the single village, but a group of villages, and sometimes these groups are of considerable areas. In the North-Western Province there are only two Village Committees for each Chief Headman's division; in other cases the number is larger, but it does not usually exceed four or five.

New local organization.

34. Valuable as has been the assistance given in educational work in some provinces by Village Committees, better local organization is wanted if a general scheme of compulsory education is to be introduced. If there were local self-governing bodies, corresponding in any way to the County Council of England or the District Council in India, we should recommend that these should be utilized for educational purposes. In the absence of these it becomes necessary to create some local organization which shall have the responsibility for making the necessary provision, and some voice in deciding the manner in which Government aid shall be dispensed. For this purpose we propose that two new bodies should be established:—

(*a*) District Schools Committee, constituted as follows:—

Chairman: The Government Agent, or in his absence the Assistant Government Agent;

One Chief Headman of the district;

One representative chosen by Managers of Aided Schools in the district;

One officer of the Department of Public Instruction;

Two members nominated by His Excellency the Governor.

(*b*) Divisional Schools Committee, constituted as follows:—

Chairman: The Chief Headman of the division;

One representative of each Village Committee in the division;

Two or more members nominated by the Government Agent.

35. The question of the type of school to be established would primarily rest with the Divisional Committee (*b*) which would be responsible in the case of Government schools for the—

(1) Construction and maintenance of school buildings and upkeep of school gardens from Gansabhawa funds;

(2) Provision of school furniture from funds provided by the District Committee.

It should also be allowed to make recommendations with regard to the transfer and dismissal of teachers in Government Schools. Its members should be encouraged to visit and inspect Government Schools to report irregularities, and to assist in enforcing attendance. Its first duty should be to collect data as to existing educational arrangements of the area under its jurisdiction and the further requirements necessary in order that education may be generally enforced. For this purpose it should divide the area into groups of villages, each of which could be provided for by a single school. When such a group is already provided for, or

partly provided for, by a denominational school, the residents of the village should be called on to determine by a majority of votes of householders whether they are satisfied with such provision. If all or any of the villages are dissatisfied, the cost of providing a new school will have to be borne by the villages which are dissatisfied. The rights of religious minorities must be protected by the insertion of a regulation in the Code for Aided Schools to the effect that any denominational school at which the attendance of children of that denomination satisfies the requirements of a C school shall be eligible for registration in spite of an adverse decision of the Divisional Committee.

35A. The District Committee will receive and consider the proposals of the various Divisional Committees with regard to the education of their respective areas; it will revise them, and if necessary send them back to the Divisional Committee for revision. It will also consider applications for the registration of Aided Schools with the Inspector's reports on them, and make recommendation on them to the Director of Public Instruction. It will then draw up a complete scheme for the education of all parts of the district, which will be forwarded to the Director of Public Instruction for his approval. It will be the duty of the Director of Public Instruction, if he approves of the scheme, to communicate with Government with regard to the provisions which should be made in the estimates for the payment of salaries and grants. The District Committee will also draw up annually a budget of the funds at its disposal, which will be utilized in the way indicated in paragraph 27. It will act as adviser to the Director of Public Instruction in matters affecting the education of the district, changes in the staff of Government Schools, hours of work, and vacations. If the Government Agent of the province is not the Chairman of the Committee, all its proceedings must be forwarded to him for approval before any action is taken on them; and he must in any case be the regular channel of communication between the District Schools Committee and the Director of Public Instruction.

Attendance.

36. In Government Schools attendance should be enforced by the same procedure as at present. At the beginning of every year the teacher is supplied by the headman with lists (on a special form) of the children of school-going age; defaulters are reported by the teacher on a special form, and after warning their parents or guardians are prosecuted before the Village Tribunal, which has the power of inflicting a fine up to Rs. 20. Arrangements differ slightly in different provinces with regard to the officer to whom the teacher makes his report of defaulters. The same system should be carried out in Aided Schools as far as possible. But the Aided Schools will fall into two classes—those which are providing education for all the inhabitants of a village or group of villages, and those which are working side by side with other schools. Only schools of the first class will be provided by the headman with the list of children of school-going age, but both will be expected to report as defaulters those who do not attend school with reasonable regularity.

School Fees not possible in Vernacular schools.

37. The Committee of 1901 expressed the hope that a considerable portion of the cost of education might be recovered by a system of school fees. We have collected the views of Managers of schools on this point, and find that they are almost unanimous in the opinion that it is not possible to collect fees in Vernacular Schools. A system of free vernacular education has been allowed to grow up, and it is too late now to think of altering it. It would be quite useless to attempt simultaneously the double task of making vernacular education compulsory and of exacting fees for it. We cannot, therefore, hold out any prospect that the financial problem will be solved by the recovery of school fees.

School fees, English schools.

38. Fees are paid in English Schools, and we think it is important that these should be maintained at rates which will secure an adequate income for the school. This subject does not fall strictly within our province, but we have thought it desirable to collect the opinions of Managers of schools on a proposal that the payment of grant in English Schools should be conditional on the recovery in school fees of a sum equal to the grant. From the summary of their views which we publish in Appendix VII. it will be seen that a large majority of them are opposed to the proposal; some of them, however, have written strongly in favour of the adoption of some steps for enforcing an adequate scale of fees. It is unfortunately true that the competition of rival schools has in many places had the effect of lowering fees to such a point that the income of the schools is not sufficient to provide for their

proper working. It may seem strange that it should be necessary for Government to have to insist that the charge made for education shall not be less than a certain amount. But regulations to this effect are found necessary in India, and there is much to be said for the adoption in Ceylon of some steps that will check the excessive lowering of fees in institutions which profess to be imparting higher education.

Grants.

39. The Committee of 1901 recommended that the grants in English Schools should be lowered and those in Vernacular Schools should be increased. This recommendation seems to rest on an insufficient knowledge of the actual facts. The grants now offered in English Schools seem at first sight to be double those offered in Vernacular Schools. But they are paid on the results of examination, and it is much more difficult for the pupils of English Schools, many of whom are working in a foreign language, to pass the required test. Moreover the higher grant is confined to schools in which a specified proportion of the teachers are certificated. The average grants earned in 1904 were Rs. 5·50 for each pupil in an English School and Rs. 3·33 for each pupil in a Vernacular School. English Schools cost very much more to work than Vernacular Schools: the figures which are given in Appendix VI. show the actual expenses of working as compared with the grant in the schools under a large number of Managers. It will be seen that the grant earned by English Schools is, in most cases, a small fraction of the actual cost. We cannot recommend that it should be reduced. In the case of Vernacular Schools the figures furnished by Managers show that the grant on a large group of Vernacular Schools approximates closely to the working expenses, when expenditure on buildings is omitted. In the Roman Catholic Vernacular Schools of the Western and North-Western Provinces the expenses in 1904 were Rs. 89,351 and the grants Rs. 84,387; in the Buddhist Schools managed by the Theosophical Society the expenses were Rs. 47,697 and the grants Rs. 43,626. The replies furnished by Managers to the 3rd question put to them (see Appendix VIII.) are sufficient evidence that there is not unfrequently a balance available from the grant of one school which can be utilized to make up the deficiency in the grant of another. Under these circumstances it seems fair to conclude that the present scale of grants in Vernacular Schools is sufficient.

The Ordinance for Municipalities and Local Boards.

40. We have not considered specially the case of Municipalities and Local Boards. Steps for making provision for education within the limits of Municipalities and Local Boards have already been taken by Government, and a Draft Ordinance on this subject, which has been published, will be shortly brought before the Legislative Council. This Ordinance, which has been introduced at the request of the Colombo Municipality, gives to Municipalities and Local Boards the power to establish schools and carry them on as Aided Schools under the Code, and to provide from their rates such funds as are necessary for the purpose. If Government decides, as we have recommended above, that in all parts of the Island where the population is sufficiently dense the provision of schools should be made compulsory, the first step must be to make it compulsory for Municipalities and Local Boards to make such provision. The new Ordinance will then have to be amended accordingly, unless it is passed in such a form as to make it possible to deal with the matter by proclamation.

Could its provision be extended to Gansabhawas?

41. We have been asked to report on the question whether the provisions of this new Ordinance could be extended to Gansabhawas or Village Committees. To do so would have the effect of placing the Gansabhawas or some other local body in the position of a Manager of schools under the Code. The local body would have to finance the school entirely, not only providing the building and furniture but also paying the teacher's salary and all other expenses, and recovering from Government a portion of this expenditure in the shape of the grant earned under the Code for Aided Schools. The experiment has been tried on a small scale. There are six schools in the Province of Uva and three schools in the North-Western Province which are carried on by the Gansabhawas as Aided Schools under the Code, the Government Agent acting as Manager. We presume that the question put to us is whether this system should be extended and substituted for the present system of Government schools. We can hardly suppose that it is contemplated to apply such a system only to new schools, while the existing Government schools are left in the enjoyment of their present privileges.

42. There is a good deal to be said in favour of such a proposal. The system is in general use in India and is found to work. It gives the district a direct interest in maintaining a high degree of efficiency in its schools. It enables a very clear line to be drawn between the contributions made to the schools by general revenue and by the district. Arguments for such a proposal;

43. In Ceylon, however, there are at present fatal objections to any proposals of the kind for rural districts. The districts have not got the requisite funds for carrying on such a scheme on a large scale. In Uva and the North-Western Province what has been accomplished has been due largely to personal efforts on the part of the Government Agents. The necessary funds in Uva have been provided in a great measure by voluntary subscriptions. In the North-Western Province the Gansabhawas in which these schools have been started have been helped by exceptional receipts. It will not be possible to carry on schools in this way at all generally in rural districts until such districts have a considerable income derived from rates. Even if it were possible it is doubtful if such a step would be desirable. At present the teachers in Government Schools are Government servants. All those who hold second class certificates are under an incremental system, which gives them very fair prospects and ultimately a small but sufficient pension. The want of a system of this kind has given rise to great difficulties in other countries: its abandonment here would not be a wise measure. and against it.

44. Any considerable extension in the number of schools must be accompanied by steps for securing an adequate supply of teachers. If the policy which we recommend is adopted, the large majority of new schools will be Government Schools. The terms offered to Vernacular teachers by Government have been such as to attract to the profession a large number of males and females. There are now 116 passed pupil teachers holding third-class certificates waiting for employment as Government teachers. There are also 19 females holding second-class certificates and 64 holding third-class certificates, waiting for posts. The Government Training College for teachers is an institution for males only, and its Vernacular branch is confined to Sinhalese teachers. The establishment of a Government Training Institution for Female Teachers should be taken in hand at once. If it becomes necessary to establish Government Schools to any considerable extent in Tamil districts, a Tamil branch should be added to the Government Training College. The question of the supply of teachers in Aided Schools has always been a more difficult one. Managers of schools already complain that the supply is inadequate. The increase, however, in the number of pupils at Aided Schools will be, for the most part, an increase in the number attending existing schools, and in many cases it will not necessitate an increase in the staff. Improved attendance will bring higher grants, and with additional funds at their disposal Managers will be able to offer to their teachers better pay and prospects. There has in the past been a good deal of wasted power through the maintenance of badly attended schools in populous districts. This waste will, in a great measure, disappear under the new system. Supply of teachers.

45. The Mohammedans form a special section of the population whose education has been much neglected. In 1904 the total number of Mohammedan children at Government and Aided Schools was 4,590. The number of Mohammedans according to the Census of 1901 was 246,118, of whom 137,302 were males and 108,816 were females. Putting aside the girls, there ought to be over 20,000 Mohammedan boys at school. It is true that all Mohammedan boys receive some instruction at mosques in their own religion and in the Arabic language. But this only lasts for a year or two, and something more is necessary. If the scheme which we have suggested is consistently carried out, the Mohammedans will be included in it: and there is no reason why this should not be done. Where they form only a part of the population of any village they should attend the school of that village, and if it is not possible for separate instruction to be provided for them in Tamil, they should do their work in Sinhalese. If, however, they form a separate village of fair size, facilities should be given to them for having a separate school for that village. When this is done there is no reason why the school building should not be used for their religious instruction before or after the regular hours of school work. Mohammedan schools.

Estate schools. Number of estates and estate population.

46. Our special attention has been directed to the question of the education of children of immigrant coolies on estates. This question has already been dealt with in a special report written in 1904 by Mr. S. M. Burrows, C.C.S. The estate population of Ceylon was, according to the Census Report of 1901, 441,601, and about 406,821 of these were immigrant Tamils. The number of estates was given as 1,857. This last figure has been the source of much misconception. An estate under the Census Ordinance means "an extent of 20 acres or more under cultivation on which there are 10 or more resident coolies or labourers." The 1,857 estates include a large number of properties which are much too small to be regarded as estates for our present purpose: they also include cacao and cocoanut estates, on some of which the number of labourers is very small. We shall not be far wrong in assuming rather more than half of this total to be the number on which something in the nature of educational provision might be expected. The number of estates registered as members of the Planters' Association is 1,030. All estates which employ immigrant labour furnish quarterly returns to Government in accordance with Ordinance No. 13 of 1889. The returns for December, 1904, show that the total number of such estates was 1,353 and their population 157,358 males and 151,107 females. The number of children of school-going age may be estimated at about 23,690 boys and 22,510 girls. An important point to note is that the labour is not indentured for fixed periods, and that the population is of an extremely migratory character. In the year 1904, the arrivals in and departures from Ceylon were 77,302 and 56,246, respectively. They vary considerably from month to month: during the first four months of 1905 there were no less than 52,626 arrivals and 29,830 departures.

47. At the beginning of the present year a form of return was circulated by the Director of Public Instruction to all estates included in Messrs. Fergusons' Directory. Replies were received from 898 estates. The following table shows their condition as regards schools:—

Number of Government Schools	2
Number of Aided Schools	58
Number of Unaided Schools—	
(*a*) Held in building or room provided by the estate	120
(*b*) Held in cooly lines	179
Total number of children under instruction (boys 6,949, girls 658)	7,607

48. During the year 1904 the Department of Public Instruction received twenty-three applications for the registration of Aided Schools on estates: of these eight were actually examined for grant during the year, and nine others were registered for examination in 1905. In the schools examined during the year the number of pupils was 2,139, of whom 1,936 were boys and 203 were girls. The Director states in his administration report: "Many of the returns show that an interest in the question is being taken by planters, and in several cases, where there is no school, it is stated that the establishment of one is contemplated." We do not wish to ignore the fact that what is called the lines school may have been a very rudimentary affair, consisting in some cases of a class of not more than half a dozen boys taught perhaps in a somewhat casual fashion. But these figures may be fairly regarded as corroborating on the whole the report of Mr. Burrows, and as evidence that the present condition of the rising generation on estates as regards education is not so forlorn as has been imagined.

How many are uneducated?

49. We next have to consider how many receive no instruction at all. It is sufficiently obvious that this is the case with a very large majority of the girls. In the case of the boys the question is not an easy one to answer. We have estimated the number of boys of school-going age as 23,690. But this figure includes all between 6 and 12: in other words it assumes that each boy is expected to attend school for six years. If, however, the average period for which a boy attends school is only three years, we must only expect to find about 12,000 attending school at any given time. It looks, therefore, as if about half the boys were actually receiving something in the way of instruction.

50. While there are undoubted signs of progress, it is clear that a good deal still remains to be done. It does not, however, follow that the wisest course is to insist on the general establishment of regular schools with compulsory attendance during fixed periods. As Mr. Burrows has pointed out, the children of the estate cooly are under a system which gives an education of a kind. They are under discipline and learn habits of industry. It is not a matter of urgency in the interests of the State that they should spend several years in an organized school where they are under a disciplinary system. There are grave reasons for not enforcing, for the present at any rate, any rigorous system of compulsory school attendance during fixed hours. The local circumstances of very many estates render it impossible to enforce attendance at a central school without interference with the day's work. It can hardly be expected that planters, as a general rule, would or could allow the day's work to be curtailed without a reduction of pay; and compulsory interference with the wage-earning capacity of children would be very unpopular among the coolies themselves. It would tend to divert the labour supply to other markets, and might have other undesirable and serious consequences.

What more is wanted?

51. It must be borne in mind that the children of the Tamil cooly are able at an early age to earn more than enough for their own maintenance by the very light and healthy open air occupation of plucking tea leaf. They are thus a help instead of a burden to their parents, with the natural result that they are better cared for, and that the neglect or worse which was responsible for the death in early infancy of so many of the children in the coffee days is now unknown. As pointed out above, the coolies are free to come and go as they please, and, in fact, gangs of them frequently move from one estate to another as labour is required, or as suits their own convenience. They are attracted to Ceylon from South India by the good wages which they can earn on the tea estates, and they are free to return to their own country when they please. They come from different districts of India, and the diversity of the dialects which they speak is in itself sometimes an obstacle to bringing them under the schedule of instruction in Tamil provided by the Code. Numbers of them come and go annually, generally bringing with them on their return some of their friends and relations to share their prosperity in Ceylon. In their own country there is no compulsory education, and few of the children brought up there receive education of any kind. In other countries to which Tamil coolies migrate, and where, as in Ceylon, labour is unindentured, compulsory education is equally unknown. On their arrival on the estates they come under the influence of the Superintendent, whose interest it is to look after their welfare, and by whose aid any system of education can best be carried out. Under such circumstances almost universal elementary education can be carried out without the introduction of what is known as compulsory education; and the results desired can be brought about without friction and without incurring the risks of interference with the labour force. Planters, as a rule, are well disposed towards affording their coolies a chance of acquiring elementary vernacular education, and will use their influence to make such education as universal as possible.

Difficulties in the way of compulsory attendance.

52. While, however, there are grave reasons against introducing a hard and fast system of compulsory school attendance amongst the children of estate coolies, it does not seem fair that any large number of this useful class should grow up in a state of ignorance which leaves them at the mercy of others. We think it not too much to expect that the planter should see that children who grow up on his estate should receive the necessary minimum of instruction in reading, writing, and arithmetic which will prevent them from being at a disadvantage in their dealings with others. While, however, the State should insist on this being done in all estates large enough to render something in the nature of a school possible, it should leave the planter free to organize this instruction in the way which he finds most suitable. Those who establish schools working in accordance with the Code should receive every encouragement from Government, and the Code requirements should be simplified as far as possible; we indicate below two points in which the regulations should be modified. But a large number of estates are too small to be able to carry on Aided Schools under the Code. In some cases these estates can be combined into groups; but more often local circumstances render such combination impossible, or at any rate incompatible with the employment of children as workers. It should, therefore, be regarded as sufficient if the planter encourages the work of

classes held either in cooly lines or in a room provided by himself for the purpose, and sees that all children, so far as is reasonably possible, receive some instruction in such classes. Instruction of this kind cannot be subsidized by a Government grant. We think it extremely likely that when the matter is definitely placed in the hands of the planter the lines school on a large majority of estates will rapidly be replaced by arrangements under which instruction will be given in a more methodical manner and in better surroundings, and that the time will soon come when a suitable school will be a regular feature on every estate or group of estates.

Guarantee for systematic action. Returns.

53. We consider then that the natural line of development is to encourage grant-in-aid schools, but to accept the lines school as sufficient, leaving it as far as possible to the planter to make his own arrangements. So far we are in agreement with Mr. Burrows. We do not agree with him that it will be sufficient if the planter makes an annual report of what he has done to the Planters' Association. From every estate a regular return should be forwarded to the Department of Public Instruction. This should be secured by requiring the following particulars to be included in the quarterly return made by every estate:—

(1) The number of boys and girls of school-going age on the estate;

(2) Number of boys and girls attending school;

(3) Number of days on which school has been held;

(4) Daily average attendance;

(5) Description of building in which instruction is imparted.

This will necessitate that even in the lines school something in the nature of an attendance register must be kept. It will be expected that all boys, so far as this is reasonably possible, shall receive some instruction, but it will be left entirely to the planter to settle the periods during which such instruction is given and the means by which regular attendance is secured.

Inspections.

54. No system of education can expect to be regarded seriously which is not open to inspection. The lines school will not be subjected to a formal examination, but the children who are returned as attending it can be brought before the Inspector or Sub-Inspector when he visits the estate, due notice being given of such visits. A few questions from him will show whether they have received any *bonâ fide* instruction or not. He can also give a certificate of exemption to any boys who have reached a degree of proficiency which should exempt them from future attendance: this should be given to all boys who have learnt enough to pass the 4th Standard in reading, writing, and arithmetic.

Powers of Government.

55. The Ordinance which provides for compulsory education in other parts of the Island should contain provision that the Superintendent of the estate should, before a date to be fixed by the Governor by proclamation, satisfy the Director of Public Instruction that he has provided, set apart, or assigned a room, building, or part of the building suitable for use for purposes of instruction, and that instruction is being imparted therein; it should also contain a provision by which Government will be empowered if necessary to establish a school for any estate or group of estates, which after clear warning continues to make no provision or insufficient provision for the instruction of its children, and to levy a rate on such estate or group of estates to defray the cost of construction and maintenance of such school.

Special syllabus.

56. We have been asked to report on the question whether a special syllabus should be provided for estate schools and for other rural schools. We have already said that children who have learnt enough to pass the 4th Standard in reading, writing, and arithmetic should be exempted. In Aided Estate Schools a session of two hours should be accepted as sufficient for all children. Geography should not be a compulsory subject in estate schools or in any of the rural schools classed as C schools. We think that in all schools there should be more attempt to make the elementary work bright and attractive to the younger children. Schools have often proved unpopular both on estates and in villages; one of the principal reasons for

this has been the dreariness of the methods by which the youngest children are taught. Simple lessons on objects and pictures should be much more frequently given, and singing or recitation of poetry should form a regular part of the school work.

HERBERT WACE,
Chairman.

JOHN HARWARD.
D. B. JAYATILAKA.
JOSEPH COOREMAN.
J. N. CAMPBELL.

Colombo,
July 25, 1905.

APPENDIX.

I.—Table showing the Population and existing Educational Provision (with its cost to Government) in each Chief Headman's Division.

II.—Percentage of Children of School-going Age who are actually attending School in each Province.

III.—Expenditure of Village Committees on School Buildings for the last five years.

IV.—Road Tax Returns from each Province, 1904.

V.—Circular issued to Managers of Aided Schools.

VI.—Summary of Statements furnished by Managers showing Gross Cost of their Schools and the Amount of Grant received from Government.

VII.—Summary of Replies from Managers of Schools.

VIII.—Replies in full from—

(*a*) Bishop of Colombo.
(*b*) Rev. Father E. Sergent, O.M.I.
(*c*) The Rev. J. G. Garrett, C.M.S.
(*d*) The Standing Committee of the Wesleyan Synod.
(*e*) The Rev. J. H. Dickson, American Mission.
(*f*) The Rev. G. G. Brown, American Mission.
(*g*) Mr. J. Moonasinghe, General Manager of Buddhist Schools.
(*h*) Mr. S. K. Lawton, Manager of Private Tamil Schools.
(*k*) Mr. S. M. Burrows, late Director of Public Instruction.

IX.—Suggestions with regard to Additional Revenue from indirect Taxation.

X.—Report of the Committee of 1901.

XI.—Report of the Sub-Committee on Educational Cess.

XII.—Report of Mr. S. M. Burrows on the Education of the Children of Estate Coolies.

APPENDIX I.

TABLE SHOWING THE POPULATION AND EXISTING EDUCATIONAL PROVISION (WITH ITS COST TO GOVERNMENT) IN EACH CHIEF HEADMAN'S DIVISION.

Division.	Area in Square Miles.	Population.	Boys of School-going Age.	Girls of School-going Age.	Government Schools.		Aided Schools.		Nett Expenditure from Government Votes on Government Schools.	Grants paid from Government Votes to Aided Schools.
					No. of Boys on List.	No. of Girls on List.	No. of Boys on List.	No. of Girls on List.		
									Rs. c.	Rs. c.
WESTERN PROVINCE.										
Colombo District :—										
Municipality	10	154,691	13,745	9,457	848	154	7,201	3,438	83,942 45	44,216 75
Alutkuru Korale South	72	69,832	5,240	5,234	812	103	4,192	3,043	4,658 41	29,989 2
Hewagam Korale	167	73,343	5,941	5,060	2,162	968	1,765	1,293	12,369 50	8,963 15
Salpiti Korale	75	100,969	7,693	7,451	956	368	6,564	4,616	6,890 23	41,794 30
Siyane Korale East	116½	51,619	4,124	3,618	1,940	781	1,081	414	11,205 14	4,263 8
Siyane Korale West	120¼	92,123	7,085	6,732	4,838	1,623	1,707	1,464	26,251 7	8,880 50
Negombo District :—										
Local Board	7	19,819	1,503	1,470	—	—	1,029	804	—	8,638 30
Alutkuru Korale North	159	96,615	7,479	7,013	2,395	420	4,708	3,980	14,561 37	17,334 67
Hapitigam Korale	81¼	31,815	2,625	2,146	1,078	356	611	354	3,100 38	2,956 32
Kalutara District :—										
Local Board	1⅗	11,500	873	852	8	160	856	416	906 92	4,356 55
Kalutara Totamune	88⅓	104,313	7,742	7,904	2,227	1,548	5,290	2,940	19,508 91	29,158 60
Pasdun Korale East	280½	26,616	2,180	1,712	571	125	181	70	2,178 9	707 50
Pasdun Korale West	123¼	32,926	2,725	2,513	881	90	193	85	4,187 81	591 50
Rayigam Korale	130	54,502	4,342	3,832	1,732	686	1,108	657	10,180 24	4,345 50
Total	—	920,683	73,297	64,994	20,448	7,382	36,480	23,574	201,940 55	206,195 74
CENTRAL PROVINCE.										
Kandy District :—										
Municipality	11	26,386	2,257	1,700	40	65	1,813	791	722 83	13,104 75
Harispattu	50¼	36,199	2,7·5	2,644	778	214	309	111	4,637 64½	1,127 0

Pata Dumbara	107⅛	54,736	4,383	3,826	589	72	372	91	2,620 24	2,858 50
Pata Hewaheta	57¼	26,957	2,199	1,844	281	82	301	152	1,418 86	726 50
Tumpane	46⅞	11,835	930	844	501	45	41	6	2,198 26	158 50
Uda Bulatgama	230	101,030	8,446	6,707	168	3	878	116	586 46	3,439 75
Uda Dumbara	238¼	27,837	2,198	1,976	595	68	168	40	2,806 63	218 50
Udanuwara	34⅜	16,810	1,305	1,216	458	39	104	67	2,310 53	721 50
Uda Palata	106	50,582	4,127	3,459	285	22	884	245	1,010 4	2,016 47
Yatinuwara	29	25,219	2,013	1,769	536	—	717	324	2,469 45	1,301 0
Matale District :—										
Local Board	¼	4,951	447	295	—	—	479	153	—	2,688 0
Matale South	163½	45,990	3,714	3,184	682	24	365	58	2,482 69	1,367 0
Matale East	373¾	22,850	1,866	1,561	370	5	150	18	1,581 11	1,016 50
Matale North	388¼	18,412	1,480	1,281	1,277	25	93	—	4,739 82	212 0
Total	—	469,794	38,150	32,306	6,560	664	6,674	2,172	29,584 56	30,955 97
Nuwara Eliya District :—										
Local Board	4	5,026	462	291	—	—	78	68	—	1,016 0
Kotmale	236⅛	94,465	7,982	6,187	457	31	435	78	1,815 5	1,824 0
Uda Hewaheta	108¾	31,970	2,543	2,252	363	40	407	94	1,511 31	714 0
Walapane	113⅛	21,577	1,738	1,498	380	20	147	34	1,568 82	397 0
Total	—	622,332	50,875	42,734	7,760	755	7,741	2,446	34,479 74	34,906 97
NORTHERN PROVINCE.										
Jaffna District :—										
Jaffna Division	18½	45,677	3,462	3,389	—	—	3,510	1,577	—	28,260 45
Valikamam East	40¼	24,408	1,835	1,825	—	—	1,473	471	—	8,177 34
Valikamam North	36¾	44,319	3,300	3,347	—	—	3,041	1,356	—	21,872 57
Valikamam West	38½	45,860	3,299	3,579	—	—	3,737	1,498	—	20,366 97
Vadamaradchi East	34½	4,247	327	310	—	—	282	93	—	1,783 0
Vadamaradchi West	55	48,301	3,398	3,846	—	—	3,179	1,051	—	18,188 87

Division.	Area in Square Miles.	Population.	Boys of School-going Age.	Girls of School-going Age.	Government Schools.		Aided Schools.		Nett Expenditure from Government Votes on Government Schools.	Grants paid from Government Votes to Aided Schools.
					No. of Boys on List.	No. of Girls on List.	No. of Boys on List.	No. of Girls on List.		
Jaffna District—*cont.*									Rs. c.	Rs. c.
Tenmaradchi	80	37,648	2,843	2,803	—	—	2,060	418	—	7,113 25
Pachchillappalli	87	6,076	512	399	—	—	216	35	—	1,407 50
Karachchi	123¼	2,879	321	109	—	—	—	—	—	—
Punakari	226¾	4,817	416	306	—	—	61	7	—	326 50
The Islands	59⅛	32,075	2,305	2,505	—	—	2,022	532	—	9,270 30
Delft Division	18½	3,906	294	291	—	—	233	89	—	827 0
Tunukkai	446½	638	59	36	—	—	—	—	—	—
Total	—	300,851	22,441	22,745	—	—	19,814	7,127	—	117,593 75
Mannar District :—										
Mannar Islands Division	47¾	9,936	784	705	59	—	467	259	272 54	3,847 37
Mantai Division	644½	7,582	713	423	—	—	199	41	—	1,237 0
Nanaddan Division	251	7,408	619	491	69	—	289	74	562 13	2,105 55
Total	—	24,926	2,116	1,619	128	—	955	374	834 67	7,189 92
Mullaittivu :—										
Maritime Pattus	393¾	6,663	534	465	—	—	296	91	—	2,436 0
Vavuniya North	316	2,500	221	153	—	—	25	2	—	183 0
Vavuniya South	445	5,996	506	392	—	—	103	52	—	986 0
Total	—	15,159	1,261	1,010	—	—	424	145	—	3,605 0
SOUTHERN PROVINCE.										
Galle District :—										
Municipality	6½	37,165	2,816	2,759	146	81	2,249	1,031	1,033 35	13,084 20
Galle Four Gravets outside Municipality and Akmimana.	24¾	21,157	1,616	1,557	—	—	829	326	—	4,126 15

Gangaboda Pattu	128¾	32,451	2,537	2,330	844	168	734	404	2,653 18	3,223 50
Wellaboda Pattu	83¼	66,276	4,937	5,004	755	390	2,836	1,069	5,406 80	9,191 50
Talpe Pattu	97	51,392	3,801	3,907	382	168	2,376	811	2,689 82	8,794 60
Walallawita Korale	146	43,564	3,277	3,257	1,599	1,052	361	165	11,770 23	1,785 50
Hinidum Pattu	166	6,111	494	421	71	—	162	45	242 79	273 50
Matara District :—										
Local Board	1½	11,848	901	876	273	54	1,844	861	663 2	7,028 0
Matara Four Gravets	7⅞	15,087	1,117	1,146					974 73	2,512 0
Wellaboda Pattu	51½	42,571	3,179	3,206	751	184	471	268	4,920 57	1,666 32
Weligam Korale	111	54,411	4,118	4,042	548	64	1,512	751	3,876 59	5,343 0
Morawak Korale	160	18,924	1,560	1,278	657	32	118	8	1,782 83	80 50
Kandaboda Pattu	70	25,545	1,981	1,850	317	—	608	130	1,067 45	1,623 50
Gangaboda Pattu	79⅜	35,364	2,743	2,561	889	—	301	185	3,167 27	912 0
Hambantota District :—										
Hambantota Four Gravets	1½	2,843	230	196	—	—	99	63	—	304 0
Magam Pattu	641	7,636	673	471	85	8	—	—	485 94	—
Giruwa Pattu East	122½	11,646	916	829	48	—	118	13	151 17	292 50
Giruwa Pattu West	247¾	82,745	6,404	6,007	1,320	125	972	248	4,661 81	3,428 0
Total	—	566,736	43,309	41,697	8,685	2,326	15,590	6,373	45,497 55	63,668 77
Eastern Province.										
Batticaloa District :—										
Local Board	1¼	9,969	773	721	—	—	745	456	—	8,159 65
Manmunai Pattu North	148	24,882	1,875	1,856	—	—	692	232	—	3,188 65
Manmunai Pattu South	74	8,173	637	588	—	—	374	63	—	1,420 85
Bintenna Pattu	677½	4,380	363	293	—	—	50	21	—	326 50
Chammanturai	160	9,123	709	659	—	—	210	39	—	676 0
Eravur and Rukam Pattus	372¼	14,569	1,172	1,012	—	—	326	68	—	1,492 50
Koralai Pattu	290	10,920	900	737	—	—	329	42	—	1,173 50

Division.	Area in Square Miles.	Population.	Boys of School-going Age.	Girls of School-going Age.	Government Schools.		Aided Schools.		Nett Expenditure from Government Votes on Government Schools.	Grants paid from Government Votes to Aided Schools.
					No. of Boys on List.	No. of Girls on List.	No. of Boys on List.	No. of Girls on List.		
									Rs. c.	Rs. c.
Batticaloa District—*cont.*										
Eruvil and Porativu Pattus	247	13,849	1,095	981	—	—	678	121	—	2,657 75
Karawaku and Nintavur Pattus	41	31,240	2,297	2,388	—	—	870	159	—	4,478 25
Akkarai Pattu	374	14,559	1,116	1,067	—	—	266	45	—	1,050 0
Panawa Pattu	486½	3,497	283	240	—	—	160	16	—	488 50
Trincomalee District :—										
Local Board	1	11,295	919	775	—	—	778	310	—	5,218 95
Kadukkulam Pattu	490½	3,481	302	219	22	—	128	19	242 79	934 50
Koddiyar Pattu	223	7,145	587	484	114	7	273	50	529 9	1,222 0
Tampalakamam Pattu	450½	6,520	543	435	32	—	79	15	302 79½	408 50
Total	—	173,602	13,571	12,455	168	7	5,959	1,656	1,074 67½	32,896 14
North-Western Province.										
Kurunegala District :—										
Local Board	1	6,483	601	370	—	—	403	196	—	2,319 75
Hiriyala Hatpattu	387½	30,286	2,819	1,923	530	—	230	30	1,303 12	285 50
Weudawili Hatpattu	177	46,062	3,800	3,108	505	8	219	86	1,611 47	1,626 50
Dambadeniya Hatpattu	164½	42,686	3,478	2,929	389	5	446	68	1,045 44	1,019 0
Dewamedi Hatpattu	186¾	32,654	2,669	2,228	370	3	105	24	953 18	392 50
Katugampola Hatpattu	358⅝	54,075	4,479	3,631	671	75	653	202	2,328 9½	1,226 50
Wanni Hatpattu	569½	37,183	2,985	2,592	750	119	—	—	3,008 12	—
Puttalam District :—										
Local Board	8	5,115	417	349	—	—	134	67	—	608 50
Demala Hatpattu	441¼	7,256	591	496	214	16	—	—	764 0	—
Kalpitiya Division	315	8,553	755	527	—	—	59	7	—	213 50
Puttalam Division	124⅞	8,855	798	529	—	—	114	41	—	778 50

Chilaw District :—										
Local Board	¾	4,168	342	283	—	—	272	109	—	977 0
Pitigal Korale North	132¾	11,743	1,018	742	167	31	145	65	492 44	1,004 0
Pitigal Korale Central	88¾	30,699	2,565	2,038	460	145	1,336	630	2,644 75	6,080 0
Pitigal Korale South	40	27,808	2,231	1,939	463	152	1,677	1,138	1,958 95	9,435 0
Total	—	353,626	29,584	24,084	4,519	554	5,793	2,658	16,109 56½	25,966 25
NORTH-CENTRAL PROVINCE.										
Anuradhapura District	5⅝	3,672	352	198	—	—	103	85	—	946 0
Nuwaragam Palata	1,490⅞	30,262	2,481	2,058	529	46	202	14	1,709 54½	469 50
Hurula Palata	1,040	22,514	1,818	1,558	625	16	—	—	2,084 42	—
Kalagam Palata	311	16,854	1,351	1,176	399	—	120	12	1,126 41	131 50
Tamankaduwa Palata	1,155	5,808	487	384	55	19	—	—	250 25½	1,000 0
Total	—	79,110	6,489	5,374	1,608	81	425	111	5,170 63	2,547 0
PROVINCE OF UVA.										
Badulla District :—										
Local Board	3	5,924	493	394	—	—	341	212	—	2,509 75
Yatikinda Division	183½	48,551	3,919	3,363	352	40	333	110	1,527 57	758 40
Bintenna Division	359	10,551	826	756	36	24	70	—	244 64	171 0
Buttala Division	567½	16,874	1,404	1,126	44	—	83	—	612 18	78 0
Wellawaya Division	1,019½	13,265	1,593	1,145	45	—	83	11	275 0	47 50
Udukinda Division	188¾	42,588	3,403	2,989	317	3	437	76	1,145 43	722 50
Wellassa Division	654½	23,449	1,890	1,626	151	5	249	9	246 98	730 0
Wiyaluwa Division	187⅔	20,472	1,607	1,463	159	—	32	6	544 13	91 50
Total	—	186,674	15,135	12,862	1,104	72	1,628	424	4,595 93	5,108 65
PROVINCE OF SABARAGAMUWA.										
Ratnapura District :—										
Local Board	2¼	4,084	366	247	—	—	361	99	—	1,518 75
Kuruwiti Korale	211¾	31,024	2,612	2,041	888	68	89	21	4,117 88	232 50

Division.	Area in Square Miles.	Population.	Boys of School-going Age.	Girls of School-going Age.	Government Schools.		Aided Schools.		Nett Expenditure from Government Votes on Government Schools.	Grants paid from Government Votes to Aided Schools.
					No. of Boys on List.	No. of Girls on List.	No. of Boys on List.	No. of Girls on List.		
Ratnapura District—*cont.*									Rs. c.	Rs. c.
Nawadun Korale	193$\frac{3}{7}$	27,261	2,257	1,831	539	85	83	—	2,922 98	135 50
Atakalan Korale	171$\frac{3}{8}$	20,619	1,997	1,395	630	64	20	1	2,444 47	89 0
Kadawata Korale	130$\frac{1}{2}$	13,268	1,065	925	508	223	53	6	3,270 18	222 50
Kolonna Korale	169	12,316	1,004	843	559	—	—	—	1,552 74	—
Kukul Korale	224$\frac{1}{4}$	9,003	778	571	177	—	—	—	840 49	—
Meda Korale	156$\frac{1}{4}$	15,389	1,258	1,049	490	103	67	12	2,865 56	201 50
Kegalla District :—										
Local Board	$\frac{1}{8}$	2,340	197	154	—	—	224	197	—	2,524 0
Paranakuru Korale	56$\frac{1}{8}$	31,412	2,547	2,163	789	5	63	18	3,203 35	331 50
Beligal Korale	162$\frac{1}{2}$	38,658	3,135	2,663	1,005	7	220	115	3,655 72	672 50
Galboda Korale	56$\frac{3}{4}$	21,816	1,730	1,541	380	30	208	90	1,779 38	494 37
Kinigoda Korale	42	16,313	1,326	1,120	459	1	96	31	2,431 7	261 0
Atulugam Korale	125$\frac{3}{8}$	17,844	1,480	1,195	173	—	—	—	602 1	—
Dehigampal Korale	74$\frac{3}{8}$	25,852	2,194	1,683	391	63	186	6	2,637 39	488 15
Panawal Korale	40	10,063	839	669	182	—	—	—	477 19	—
Lower Bulatgama	84$\frac{1}{4}$	24,493	2,022	1,651	83	4	—	—	258 20	—
Total	—	321,755	26,807	21,741	7,253	653	1,670	396	33,059 61	7,171 27

APPENDIX II.

PERCENTAGE OF CHILDREN OF SCHOOL-GOING AGE WHO ARE ACTUALLY ATTENDING SCHOOL IN EACH PROVINCE.

Province.	Percentage.	
	Boys.	Girls.
Western Province	77·65	47·38
Central Province	31·63	7·71
Northern Province	82·70	30·13
Southern Province	56·78	20·85
Eastern Province	45·13	1·33
North-Western Province	34·89	13·33
North-Central Province	40·23	3·59
Province of Uva	17·90	3·81
Province of Sabaragamuwa ...	34·57	5·74

APPENDIX III.

EXPENDITURE OF VILLAGE COMMITTEES ON SCHOOL BUILDINGS FOR THE LAST FIVE YEARS.

Province and District.	Construction.		Upkeep.
	Vote from Village Committee Funds.	Voluntary Contributions.	
WESTERN PROVINCE.	Rs. c.	Rs. c.	Rs. c.
Colombo District	6,108 51	3,032 20	4,758 94
Kalutara District	1,073 68	12,249 93	3,731 62
Total	7,182 19	15,282 13	8,490 56
CENTRAL PROVINCE.			
Kandy District	12,334 49*	—	1,741 34
Matale District	—†	2,490 0	1,417 26
Nuwara Eliya District	380 0	—	3,081 4
Total	12,714 49	2,490 0	6,239 67
NORTH-WESTERN PROVINCE.			
Kurunegala District	4,802 89	7,648 50	1,306 5
Puttalam District	2,121 27	456 0	471 64
Chilaw District	3,213 0	997 0	427 50
Total	10,137 16	9,101 50	2,205 19
NORTH-CENTRAL PROVINCE.			
Anuradhapura District	478 0	1,063 0	841 43
Total	478 0	1,063 0	841 43
NORTHERN PROVINCE.			
Jaffna District	—	—	—
Mannar District	—	690 0	75 0
Total	—	690 0	75 0

* Includes rate by Village Committees. † Village labour.

Province and District.	Construction.		
	Vote from Village Committee Funds.	Voluntary Contributions.	Upkeep.
	Rs. c.	Rs. c.	Rs. c.
SOUTHERN PROVINCE.			
Galle District	9,234 77	150 0	3,381 95
Matara District	15,750 53	—	4,584 72
Hambantota District	—	—	—
Total	24,985 30	150 0	7,966 67
EASTERN PROVINCE.			
Batticaloa District	—	—	—
Trincomalee District	—	52 0	202 50
Total	—	52 0	202 50
PROVINCE OF UVA.			
Badulla District :—			
Government Vernacular ...	1,806 43	—	2,024 87
Gansabhawa	1,171 90	—	—
Total	2,978 33	—	2,024 87
PROVINCE OF SABARAGAMUWA.			
Ratnapura District	693 48	—	5,390 94
Kegalla District	1,257 4	—	15,583 68*
Total	1,950 52	—	20,974 62
Grand Total	60,425 99	28,828 63	49,020 51

* Including reconstructions and extensions.

APPENDIX IV.

ROAD TAX RETURNS FROM EACH PROVINCE, 1904.

Province.	Total Sum received in Money and Labour in each Province in 1904.	Total Sum handed over to Public Works Department by each Province in 1904.
	Rs. c.	Rs. c.
Western Province	253,738 50	99,752 0
Central Province	110,459 79	37,421 25
Northern Province	80,665 75	30,931 0
Southern Province	161,111 20	48,250 25
Eastern Province	51,284 0	16,480 50
North-Western Province ...	140,020 20	43,195 25
North-Central Province ...	30,828 0	11,330 0
Province of Uva	45,420 58	10,607 50
Province of Sabaragamuwa ...	93,424 50	33,358 25

APPENDIX V.

CIRCULAR ADDRESSED TO MANAGERS OF AIDED SCHOOLS.

SIR, The Kachcheri, Kandy, April, 1905.

I AM directed by the Commission on Elementary Education to request that you will furnish me, at an early date, with the following particulars, viz., the total amount received in grants for each of the following groups of registered schools under your management in the year 1904, and the total expenditure by yourself on each group, including all items except the erection of new buildings:—

(*a*) English schools (working under Schedules A or B).
(*b*) Schools receiving a special grant either as Boarding or Industrial schools.
(*c*) Vernacular schools, which are not Boarding or Industrial schools.

The figures which you give may, if you desire it, be supplemented by any further information which you wish to give with regard to your expenditure on schools, either registered or unregistered.

2. The Commission will also be glad to receive from you an expression of opinion on the following points:—

(1) The introduction of a conscience clause, *i.e.*, a clause by which religious instruction should be confined to a single period shown in the time table, either at the beginning or at the end of school hours, and attendance during that period should be voluntary.
(2) The prohibition of the use of readers and other books containing distinctly religious matter during the periods allowed for secular instruction.
(3) A regulation to the effect that the grant received for any school must be expended on that school.
(4) If school attendance is made compulsory, what modification, if any, do you think should be made in the terms of Clause 12 in the Code for Aided Schools, so as to give additional facilities to those sections of the population which may be unwilling to send their children to schools in which religious teaching (either Christian or non-Christian) is given?
(5) Do you consider that the education given in schools working under Schedules A and B of the Code would be improved by a provision that the payment of grant should be conditional on the recovery in school fees of a sum at least equal to the grant?
(6) Do you consider it possible to recover fees from the children attending Vernacular schools under your management?

I am, &c.,
H. WACE,
Chairman of Education Committee.

APPENDIX VI.

SUMMARY OF STATEMENTS furnished by Managers showing Gross Cost of their Schools and the Amount of Grant received from Government.

—	Gross Cost of Schools to Managers during 1904.		Government Grant, 1904.		—	Gross Cost of Schools to Managers during 1904.		Government Grant, 1904.	
	Rs.	c.	Rs.	c.		Rs.	c.	Rs.	c.
Rev. S. M. Simmons :—					Rev. J. Cooreman :—				
English schools ...	1,262	0	804	0	English schools ...	7,619	0	3,718	75
Industrial schools ...	3,862	32	1,475	0	Industrial schools ...	980	0	1,150	0
Vernacular schools ...	6,239	15	2,861	0	Vernacular Schools ...	5,604	0	2,923	0
	11,363	47	5,140	0		14,203	0	7,791	0
					Rev. S. Long :—				
Rev. W. T. Garrett :—					Vernacular schools ...	1,085	0	237	0
English schools ...	3,948	58	1,318	0	Rev. W. J. Hanan :—				
Industrial schools ...	7,504	36	2,604	0	Industrial schools ...	7,041	78	3,276	50
Vernacular schools ...	9,382	86	6,794	50	Vernacular schools ...	13,407	65	10,175	50
	20,835	80	10,716	50		20,449	43	13,452	0

—	Gross Cost of Schools to Managers during 1904.		Government Grant, 1904.	
	Rs.	c.	Rs.	c.
Rev. F. H. Heinburger :—				
English schools ...	6,060	0	729	0
Vernacular schools ...	1,284	0	988	50
	7,344	0	1,717	50
All Church Missionary Society's schools : approximate figures.				
Rev. L. Dupont :—				
English schools ...	3,727	25	904	0
Industrial schools ...	1,002	0	530	50
Vernacular schools ...	3,829	56	3,672	0
	8,558	81	5,106	50
Rev. D. B. Beckmeyer (Roman Catholic Mission, Kandy) :—				
English schools ...	9,800	0	2,936	0
Boarding Vernacular schools.	4,980	0	1,444	0
	14,780	0	4,380	0
Dr. D. P. Mann, Jaffna :—				
English schools ...	600	0	583	0
Vernacular schools ...	300	0	174	0
	900	0	757	0
Rev. C. Henry (Church of England, Batticaloa) :—				
English schools ...	1,825	0	421	50
Vernacular schools ...	1,258	50	910	0
	3,083	50	1,331	50
Rev. R. P. Butterfield (Tamil Cooly Mission) :—				
Boarding and Industrial schools.	899	59	834	0
Vernacular schools ...	3,086	41	2,138	50
	3,986	0	2,972	50
Rev. R. Tebb (Wesleyan schools of Colombo District) :—				
English schools ...	28,861	37	5,411	50
Industrial schools ...	14,948	39	1,800	0
Vernacular schools ...	19,957	84	8,313	0
	63,767	60	15,524	50
W. T. Kanagasabai (Jaffna Sivite schools) :—				
One English school ...	969	0	269	0
Rev. E. A. Prince (Wesleyan Mission, Galle) :—				
English schools ...	23,267	75	4,909	0
Boarding and Industrial schools.	9,605	31	3,050	0
Vernacular schools ...	22,613	76	11,792	50
	55,986	82	19,751	50

—	Gross Cost of Schools to Managers during 1904.		Government Grant, 1904.	
	Rs.	c.	Rs.	c.
Rev. E. M. Weaver (Wesleyan Mission, Trincomalee) :—				
English schools ...	3,608	52	582	0
Boarding and Industrial schools.	2,489	16	599	0
Vernacular schools ...	6,356	88	3,844	0
	12,454	56	5,025	0
V. Casipillai (Manager of Aided schools, Jaffna) :—				
English schools ...	5,764	41	2,115	0
Rev. J. H. Dickson, Kankesanturai :—				
English schools ...	1,283	50	603	50
Industrial schools ...	5,710	0	2,357	0
Vernacular schools ...	7,514	0	7,009	0
	14,507	50	9,969	50
Rev. M. J. Burrows :—				
English schools ...	6,254	95	1,773	0
Industrial schools ...	3,141	22	1,520	0
Vernacular schools ...	1,475	63	653	50
	10,871	80	3,946	50
Rev. E. Sergent (Roman Catholic schools in Western and North-Western Provinces) :—				
English schools ...	42,750	0	17,993	0
Boarding and Industrial schools.	19,679	0	18,869	0
Vernacular schools ...	89,351	0	84,387	0
	151,780	0	121,249	0
Rev. W. E. Hitchcock (American Mission, Baticotta Group) :—				
Vernacular schools ...	10,233	96	9,967	50
S. K. Lawton* (Private Tamil schools, Jaffna) :—				
Vernacular schools ...	843	0	843	0
J. Moonasinghe† (General Manager of Buddhist schools) :—				
English schools ...	23,435	44	7,391	75
Vernacular schools ...	47,697	8	43,626	90
	71,132	52	51,018	65
Venerable F. H. de Winton, Archdeacon :—				
Two English schools ...	2,234	55	446	0
Two Vernacular schools	959	39	441	50
	3,193	94	887	50
Rev. J. B. Poulain (Roman Catholic schools of Northern Province and Anuradhapura) :—				
All schools	44,775	54	30,987	50
Rev. W. H. Rigby (Wesleyan Mission, Kandy) :—				
English schools ...	10,223	72	1,577	25
Boarding and Industrial schools.	4,019	36	1,185	0
Vernacular schools ...	1,019	30	316	0
	15,262	38	3,078	25
Grand Total ...	512,060	85	308,667	65

* He also maintains two Unaided schools at a cost of Rs. 400.
† He also expends Rs. 5,121 on Unaided schools.

APPENDIX VII.

SUMMARY OF REPLIES FROM MANAGERS OF AIDED SCHOOLS AND OTHERS.

QUESTIONS.

1. Do you approve of the introduction of conscience clause?
2. Do you approve of the prohibition of readers containing religious matters?
3. Should expenditure of grant be confined to school which earns it?
4. Should Clause 12 of the Code be relaxed?
5. Should grants in English schools be conditional on recovery of equal amount in fees?
6. Can fees be recovered from Vernacular schools?

REPLIES.

Summary of replies to queries issued by the Education Commission:—

Mr. R. B. Strickland, Inspector of Schools.

1. No. Thinks it sufficient to exclude religious instruction from Government hours prescribed by the Code. Fears that conscience clause might encourage opposition between schools.
2. No. Thinks that readers of too propagandist a type can be discouraged without actual prohibition.
3. No. Says similar regulation has been discontinued in England.
4. Doubtful. Thinks no step should be taken till experience has shown it to be necessary.
5. No. But thinks that payment of grant in standards above the fifth and for specific subjects might be so treated.
6. No reply.

Rev. S. Long, Friends' Foreign Mission.

1. No. Would be unable to maintain schools if a conscience clause were insisted on. Wishes to have attendance voluntary, to insist that those who do attend shall receive all the instruction imparted. (*See*, however, 4.)
2. No.
3. Yes.
4. Cannot answer. Thinks that if education is made compulsory he will have to modify his attitude towards conscience clause.
5. No. Thinks that in many schools this would not be practicable.
6. Doubtful. His impression is that in nearly all his schools fees could be paid.

Rev. J. Cooreman, Roman Catholic Mission, Galle.

1. Has no objection; but prefers that all children should be *present* throughout, though they may do other work in place of the religious instruction.
2. No. But adds that if attendance of non-Catholics is made compulsory at Catholic schools the Manager will select appropriate books.
3. No.
4. Not quite clear, apparently "*No.*" Thinks that facilities for opening schools should be the same for all sections of the population.
5. No.
6. No.

Rev. W. T. Garrett, Wesleyan Mission, Batticaloa.

1. Has no objection.
2. No.
3. No. Would strongly object. Has nearly fifty schools to manage, and must be allowed to balance deficits by surpluses.
4. Makes no suggestion, as cases of this kind do not occur in his district.
5. No. Such a rule would be unnecessary for larger English schools and might be injurious to smaller ones.
6. No.

Rev. S. M. Simmons, Church Missionary Society, Baddegama.

1. Doubtful; but apparently has no objection so long as Clause 12 of the Code remains intact.
2. Thinks this a matter of indifference, as the stress of work leaves no time for religious exposition during the hours of secular work.
3. No. "Considering the *wretched* grants we are paid, the enforcement of this regulation would be unjustifiable."
4. No. Considers the suggestion wholly pernicious.
5. Considers the principle good, but the figure too high. Suggests fifty per cent., or that proportion should vary in different districts.
6. No.

REV. W. J. HANAN, CHURCH MISSIONARY SOCIETY, JAFFNA.

1. No. Considers religious teaching the primary object of his schools; would refuse to be Manager if attendance at religious lessons were made optional.
2. No.
3. No. Thinks Managers should be allowed a free hand, as at present. Otherwise it is not possible to finance schools in remote places.
4. Doubtful. Thinks Clause 12 should remain as it is for the present to see how it works under the new system.
5. Doubtful; but is strongly of opinion that people should be made to pay for English education.
6. Doubtful. Could recover small fees if he had no opposition.

REV. A. E. DIBBEN, SECRETARY OF CHURCH MISSIONARY SOCIETY FOR CEYLON.

1. Doubtful. The majority of Church Missionary Society Missionaries are opposed to it; it would lead to withdrawal of many children from religious lessons.
2. No; but thinks it would follow as a natural consequence from a conscience clause.
3. No.
4. Can make no suggestion, but thinks Managers would have to submit to some modification of Clause 12 in the event of the introduction of compulsory education.
5. No. Thinks such a rule might tend to draw away children from comparatively efficient aided schools to very inefficient private schools.
6. No, except in a few exceptional cases.

REV. L. DUPONT, ROMAN CATHOLIC MISSION, BATTICALOA.

1. No objection; but thinks religious instruction should not be confined to a single period at the beginning or end of school hours.
2. No.
3. No.
4. Thinks that if education is made compulsory the same facilities should be offered to all sections of the population, but does not see clearly what changes should be made.
5. No.
6. No.

REV. H. HEINBURGER, ROMAN CATHOLIC MISSION, TRINCOMALEE.

1. No objection; but thinks that those excused religious instruction should be present in school doing other work.
2. Yes.
3. No.
4. Yes. The same facilities should be given to all sections of the population.
5. No.
6. No.

MR. R. H. LEEMBRUGGEN, INSPECTOR OF SCHOOLS.

1. Yes. Thinks religious instruction should be restricted to a single period, and attendance during that period should be voluntary.
2. No. Thinks such a regulation would be hard on Tamil schools, because no other readers are available.
3. Yes.
4. Yes. The condition of average attendance required by Clause 12 will have to be lowered.
5. No. Thinks such a regulation will not tend to improve the working of schools. In most of the important schools the fees are already in excess of the grant.
6. No.

REV. FATHER E. SERGENT, GENERAL MANAGER OF ROMAN CATHOLIC SCHOOLS IN WESTERN AND NORTH-WESTERN PROVINCES.

1. Yes. It already exists in all his schools.
2. Not absolutely. But if aided schools are to be used for compulsory education readers used in them should not contain distinctively religious teaching.
3. No.
4. Yes. Would agree to the disappearance of Clause 12 if grant-in-aid schools are placed on same footing as Government schools in the matter of compulsory attendance. Protests strongly against present attitude of Gansabhawas and Government Agents towards grant-in-aid schools. Thinks that additional facilities should be given to those who wish their children to receive religious education.
5. No.
6. No.

REV. W. E. HITCHCOCK, AMERICAN MISSION, BATTICOTTA GROUP.

1. No objection.
2. No.
3. No.
4. No. No need for a change if a conscience clause is introduced.
5. Doubtful.
6. No.

MR. S. K. LAWTON, MANAGER OF PRIVATE SIVITE SCHOOLS, JAFFNA.

1. Yes, emphatically. Strongly objects to any attempts to undermine existing creeds.
2. Yes. Books which tend to bring local religion into contempt should be prohibited.
3. Yes.
4. Yes. Required average should be lowered to thirty for boys' school and twenty for girls'. Attendance of transferred children should be counted. Uncertificated teachers should be allowed.
5. Cannot give an opinion.
6. Small fees might be levied if Managers would agree to insist upon them.

MR. J. MOONASINGHE, GENERAL MANAGER OF BUDDHIST SCHOOLS.

1. No objection.
2. Yes. All religious matter cannot be excluded; but special lessons on religious subjects must be prohibited.
3. No. It should be allowed to expend balance on another school of the same group.
4. Yes. The required average and the two-mile limit should be modified.
5. Doubtful. Such a regulation would have an adverse effect on out-station schools.
6. No.

REV. J. B. POULAIN, GENERAL MANAGER OF ROMAN CATHOLIC SCHOOLS IN JAFFNA DIOCESE.

1. Doubtful. Religious instruction is already voluntary for non-Catholics in his schools. He is against any regulation which would make it voluntary for Catholics.
2. No.
3. No.
4. Yes. The average attendance required must be lowered.
5. No. In out-station schools like Mannar it is almost impossible to recover fees.
6. No.

REV. J. A. EWING, BAPTIST MISSION, MATALE.

1. No. Would withdraw from Government support if a conscience clause were introduced.
2. No.
3. —
4. —
5. —
6. —

STANDING COMMITTEE OF WESLEYAN SYNOD FOR CEYLON.

1. Doubtful. Attendance at religious instruction is already voluntary in their schools; but they would object to a conscience clause in the Code. Any system of *compulsory* education should be secular and carried on by the State.
2. Yes, if education is made compulsory.
3. No.
4. Yes. If education is made compulsory every facility should be given to minorities.
5. No.
6. No.

REV. J. G. GARRETT.

1. No. If conscience clause were introduced would only retain such schools as would be carried on without Government aid, and would claim compensation for money spent on his registered school.
2. No.
3. No. Would regard such a rule as an interference with the rights of Managers.
4. Vague. He thinks the whole difficulty would be met by increasing grants and encouraging the voluntary system.
5. No.
6. No.

REV. D. B. BECKMEYER, ROMAN CATHOLIC MISSION, KANDY.

1. No objection. Religious instruction is now voluntary for non-Catholics.
2. No. But if education is made compulsory Managers should select suitable books.
3. No.
4. No direct reply. All schools should have the same facilities.
5. No.
6. No.

DR. D. P. MANN.

1. No objection.
2. Yes.
3. Yes.
4. No reply. Does not see why attendance should be made compulsory.
5. No.
6. No.

REV. C. HENRY, CHURCH OF ENGLAND, BATTICALOA.

1. No objection.
2. Suggests that one of the two sets of readers prescribed should be purely secular.
3. No reply.
4. Reply not to the point.
5. No.
6. No.

REV. R. P. BUTTERFIELD, TAMIL COOLY MISSION.

1. Disapproves.
2. Strongly disapproves. Education without religious ballast is one of the chief causes of the Baboo type of educated Asiatic.
3. Yes.
4. Reply not to the point.
5. No reply.
6. No.

MR. S. M. BURROWS, GOVERNMENT AGENT, NORTH-WESTERN PROVINCE.

1. Yes. A conscience clause is necessary, and the absence of it has been detrimental to the best interests of Managers.
2. No. Such a regulation would exclude almost all native literature.
3. Yes, emphatically.
4. Thinks that the introduction of conscience clause would remove present difficulties; also that facilities should be given for opening Government schools if the aided school will not accept conscience clause and receive all comers.
5. Thinks that such a rule would be very valuable in the case of minor English schools, which have done much harm by providing a cheap and worthless English education.
6. Not in the North-Western Province.

MR. M. T. CANAGASABAI, MANAGER OF SIVITE SCHOOLS, JAFFNA.

1. Yes.
2. Not necessary if conscience clause is introduced.
3. Yes.
4. Yes. The attendance of transferred boys should not be excluded.
5. No.
6. No.

MR. V. CASSIPPILLAI, MANAGER OF SIVITE SCHOOLS, JAFFNA.

1. Yes.
2. Distinctively religious books should be prohibited, except books read for their literary merit.
3. Yes.
4. The two-miles rule should be abolished; the attendance required should be left to discretion of Director of Public Instruction.
5. Yes.
6. No.

REV. J. H. DICKSON, AMERICAN MISSION, JAFFNA.

1. Yes. Money raised from the people should not be employed in forcing an alien religion upon them.
2. Yes.
3. No. The rule should limit expenditure to group.
4. Considers that the whole grant-in-aid system should be abolished and replaced by Government schools.
5. Yes; provided that there is some means of insuring that the fees are actually paid.
6. Doubtful; but thinks it impossible unless much pressure is used.

MESSRS. J. KAILASAPILLAI, K. SWAMINATHAPILLAI, R. N. VALUPILLAI, JAFFNA, MANAGERS OF PRIVATE SCHOOLS.

1. Yes.
2. Yes.
3. Yes.
4. Yes. Average attendance should be reduced; attendance of transferred children should be counted; unlicensed teachers should be allowed.
5. No.
6. No.

REV. G. G. BROWN, AMERICAN MISSION.

1. Yes. But would prefer to see all schools taken over by Government and secularized.
2. Yes.
3. No.
4. No reply.
5. Yes.
6. No.

REV. M. J. BURROWS, CHURCH OF ENGLAND, GALLE.

1. Has never made religious instruction compulsory, but would be sorry to see a conscience clause introduced, because his work is aided by money subscribed in order to promote Christianity.
2. No.
3. No.
4. Does not approve of making education compulsory. But could a rule be made that children should not be employed on estates and elsewhere who have not passed the third standard?
5. No. But would be ready to give up Government grant for specific subjects.
6. No.

APPENDIX VIII.

FULL REPLIES.

(*a*) THE BISHOP OF COLOMBO.

SIR, Colombo, June 27, 1905.

I HAVE the honour to offer some expression of opinion upon points raised in Section 2 of your circular of April last.

There is naturally among our Managers difference of opinion upon these points, and I make no claim to represent them as a body; but after consultation with some of the clergy I find that I shall not be expressing only my own views in what here follows. I must confess that both as regards compulsory attendance and a conscience clause, I feel no small apprehension as to their effect both upon our mission schools now existing and upon the extension of and opening of such schools in the future.

2. (1) As regards (1), while wishing that this could be left to the discretion of Managers of grant-in-aid schools, I perceive that in any comprehensive scheme of general elementary education it would be difficult to compel children to attend school, without requiring a conscience clause in aided schools, save at the expense of partially duplicating schools in a given area. If it is proposed to introduce a conscience clause it should be such that under it—

(1) In schools where religious instruction is given a definite period should be assigned for it in the school time table.
(2) Children other than those of the denomination to which the school belongs may be withdrawn by their parents or guardians from the religious instruction.
(3) Pupils who are thus withdrawn shall be employed during that period in such other way as the teacher may direct.

I think it important that there should be no compulsion to give the religious instruction only either at the beginning or end of school hours, and that, provided three hours' secular instruction is given, the Government may be satisfied.

It is also important that the conscience clause should not make attendance of children of other denominations simply voluntary and therefore possibly haphazard from day to day, but that they should be, if it be desired, formally withdrawn. This is also juster to the grant-in-aid mission schools, which would be in danger of suffering the loss of their *raison d'être*, if and when it becomes possible for an agitator to say, "Now you can and ought to give up attendance at religious instruction."

(2) This prohibition seems a necessary corollary of a conscience clause. I and not a few others approved the principle of this prohibtion, for we think that such books are not quite in accordance with the rule requiring three hours' secular instruction; we hold also that it is not in accordance with the dignity of religious teaching to make a reading lesson a time for dogmatic teaching, though we think that historical teachers which touch religious times and questions could not be excluded.

Any such prohibition suggested in (2) should be gradually introduced, and be at first prohibition of certain lessons in any book rather than of a book, without two or three years' notice.

(3) I think such a regulation undesirable and that it would press harshly and unnecessarily upon Managers who are doing their best for the efficiency of groups of schools.

(4) As a rule a Government school, or a Mission school under Government inspection, would, if the accommodation be sufficient, supply the needs of a given area, Government providing additional accommodation when necessary under a compulsory system; and yet I think that even with a conscience clause at least some relaxation of the compulsion would be necessary, especially where small minorities are unable to have a school for themselves, and yet have strong objections to attending an alien school.

(5) and (6) To these I would answer "No."

I am, &c.,
E. A. COLOMBO.

(*b*) The Rev. Father E. Sergent, O.M.I., Manager of Roman Catholic Schools in the Western and North-Western Provinces.

Sir, Colombo, May 10, 1905.

Referring to your circular of April 19th, I have the honour to state that, in 1904, the receipts of grants and total expenditure, except the erection of new buildings, on account of the three classes of schools mentioned in the said circular were as follows:—

—	Grants.	Expenditure.
	Rs.	Rs.
English schools	17,993	42,750
Industrial and Boarding schools ...	18,869	19,679
Vernacular schools	84,387	89,351

As regards the points upon which you wish to receive an expression of my opinion, I have the honour to submit to you the following remarks:—

(1) We have no objection to the introduction of a conscience clause. In point of fact, a conscience clause has always existed and now exists in all the schools under my management.

(2) The absolute "prohibition" of the use of readers and other books containing distinctly religious matters is inadmissible. It would look too much as an anti-religious measure, and, bearing in view the strongly Buddhistic bias of certain Sinhalese Readers published by the Government, this measure would seem to be specially directed against Christianity. If, however, the Government is to make use of grant-in-aid schools in order to carry out compulsory education, I would be prepared to exclude from such of my schools as will be used for that purpose the teaching of distinctly religious lessons in readers or other books.

(3) This is contrary to Clause 23 of the Code for Aided Schools for 1905. Such a regulation would prove disastrous for the weaker schools, which in many cases are supported by larger ones. The effect of this regulation would be a further increase of salary of teachers in bigger schools and a corresponding decrease of salary in the poorest.

(4) It is quite plain that if school attendance is made compulsory a larger number of schools will be required. In that case I will not object to the modification or even the total abolition of Clause 12, provided the grant-in-aid schools are placed on the same level as Government schools as regards compulsory education. At the present time compulsory education exists wherever there are Village Committees (Gansabhawas). Practically this so-called compulsory education is a campaign against grant-in-aid schools in favour of Government schools. Christians, abundantly supplied with their own denominational schools, are made to contribute for the erection of Government schools, which are nothing else but Buddhistic or otherwise non-Christian schools. Children attending grant-in-aid schools are compelled to attend the Government schools. The chairmen of the Village Committees in the Western and North-Western Provinces have received from their respective Government Agents the following order:—

"(*a*) That the Village Committee has power to enforce contribution towards a Gansabhawa school from the inhabitants of a village in which there is already an existing school."

"(*b*) That the Village Committee has the power to compel the attendance of children who are attending another school, but should exercise a discretionary power if attendance of such other school is satisfactorily proved."

I cannot protest too strongly against such an abuse of power on the part of Government Agents.

Compulsory education thus understood would prove the bane of the country, by waging war against Christianity and contributing to the spread of infidelity amongst the people. I hope that the Commission on Elementary Education will have a more enlightened view than this on the duty incumbent on Government as regards compulsory education. It will not suffice to give additional facilities to those who may be unwilling to send their children to schools in which religious teaching is given; additional facilities must also be given to those who wish to give religious teaching to their children. Compulsory education in Government schools means practically compulsory infidelity.

(5) I do not consider that the proposed arrangement would improve education; on the contrary, I am of opinion that it would prove the ruin of some deserving schools. Here I may remark that there are no schools in which the scale of fees is so low as in some Government English schools. If the Government wishes us to raise our fees they should set us the example of doing so.

(6) I do not consider it possible.

I am, &c.,
E. SERGENT, O.M.I.,
Manager of Schools.

(*c*) THE REV. J. G. GARRETT, CHURCH MISSIONARY SOCIETY.

SIR, Single Tree, Nuwara Eliya, May 29, 1905.

I AM sorry for delay in answering your letter, and that some figures which you ask for are still out of reach. I shall be able to let you have the amounts of grants received in about a week.

I have spent on English schools in 1904 a sum of Rs. 4,167.84, and on Vernacular schools, under my management, a further sum of Rs. 18,134.84.

I may further say that the Vernacular schools are for the most part in remote districts, from which the teachers are brought into Kandy to be interviewed and instructed once a month. And the English ladies connected with one mission act as Sub-Managers and interest themselves in work among girls, specially in Gampôla and the surrounding districts, Kotmale, Harispattu, Udunuwara, and Uda Bulatgama.

With regard to No. 2 the sub-headings 1 and 2, if insisted upon, would prevent my using funds supplied for distinctly religious purposes on school work. I should be obliged to relinquish all efforts at meeting the educational wants of the district, and only carry on such schools as I could manage independently of Government grants.

I should, of course, press Government to recognize vested interests, and recoup the Society's money spent on assurance of the possibility of earning result fees on training agents and erections of buildings, &c., and also the interests of trained teachers themselves whom I should be obliged to dismiss.

No. 3 I regard as quite unnecessary, as grants have to be almost in all cases augmented, and also as an interference with the rights of Managers, who must be at liberty to spend money fairly earned as they think best.

4. I believe the whole difficulty would be met by more liberal encouragement of denominational education; the country is ripe for this. Let grants be made to Sinhalese villagers even as liberal as planters claim for Tamil coolies, and Government could enforce education, for each denomination would be able to have its own school. The voluntary system should be encouraged in every way.

5. Certainly not. Managers would thus be taxed because they could not collect money, and thus doubly burdened. They are only too glad to collect fees as far as circumstances allow.

6. Not for years will the Kandyan people have sufficient opportunity of understanding the value of education to make it possible to collect fees for vernacular education.

Yours faithfully,
J. G. GARRETT.

(*d*) THE STANDING COMMITTEE OF THE WESLEYAN SYNOD.

SIR, Wesleyan Mission House, Colpetty, Colombo, May 26, 1905.

THE Standing Committee of the Provincial Synod of the Wesleyan Church in Ceylon met to-day to consider your circular of April 19th on elementary education. We had before us the views of all the Wesleyan Managers to whom your circular was sent.

2. The information you ask in paragraph 1, as to grants and expenditure, will be furnished you by individual Managers.

3. In reference to paragraph 2, we wish to point out that your "2 (1)" describes the existing state of things in Wesleyan schools. The attendance of scholars during the period set apart for religious instruction is at present voluntary. There has been no compulsion exercised by us in this matter, and we do not propose to make any change in our policy; but we are not prepared to accept a conscience clause in the Code. While we are strongly opposed to any interference with liberty of conscience, we wish to continue to make our schools, as long as they exist, centres of Christian teaching and influence.

4. We agree that compulsion will be the only solution of the educational difficulty in the Colony, and if Government thinks that the time is ripe for such a change of system, we should agree to its introduction. Such a system must necessarily be purely secular. There should be no teaching of any religion, and religious matter should be excluded from reading and other school books. In such a system of education we are of opinion that, as a Christian Mission, we could not co-operate, and, should it be introduced, we should feel compelled to recommend our Home Committee to withdraw at once. It is, in our view, a *sine quâ non* that any system of compulsory education should be controlled and administered by the Government directly and not through the agency of private individuals or corporations. We think further that compulsion should be enforced by a legislative enactment covering the whole island and not introducing piecemeal by means of Gansabhawas or other local bodies. Such a system of compulsory State education as we have above indicated would be accepted by us as a solution of the many difficulties at present confronting both the Government and ourselves, and, in its favour, we should not hesitate to recommend our Committee to retire.

5. In reference to the other points referred to in your circular:—

2. (3) We should agree that the grant received for any group of schools should be expended on that group, but while the grant-in-aid system continues weak schools must be assisted by strong ones.

2. (4) Assuming compulsory education, every facility should certainly be given to minorities who object to send their children to the existing schools.

2. (5) We consider the question of fees in aided schools is not a matter into which the Government need inquire. Such a rule as the one proposed would bind a conscientious Manager, and sometimes work to his detriment, but it would not touch the dishonest Manager.

2. (6) It is impossible for us to recover fees from the children attending the vernacular schools under our management.

We are,
On behalf of the Committee,
W. H. RIGBY, Chairman.
E. M. WEAVER, Secretary.

(*e*) THE REV. J. H. DICKSON, AMERICAN MISSION.

SIR, Kankesanturai, June 9, 1905.

IN reply to your letter of April 19, a copy of which has just reached me, I have the honour to make the following replies:—

		Rs.	c.
(*a*)	Total grant	603	50
	Total expenditure by self (*see* below)	680	0
(*b*)	Grant	2,357	0
	Expenditure by self (*see* below)	3,353	0
(*c*)	Total grant	7,009	0
	Total expenditure by self (*see* below)	505	0

The total amount which I spent last year on the above three groups of schools was Rs. 4,658.

(1) I heartily approve the introduction of a conscience clause in every school. So long as Government maintains the grant-in-aid system, paid for in large part by money raised from the people who are opposed to Christianity, it is eternal righteousness that they should not have an alien religion forced on their children against their will.

(2) The answer to this question seems to me to follow from my answer to (1). I should say that no distinctly religious books should be used during the period of secular instruction.

(3) I should be opposed to any such regulation. There are special circumstances constantly arising which demand special treatment, and I should regard such a regulation as an unnecessary hardship; a group limit of expenditure would be quite acceptable.

(4) I do not see how I can answer this question as it stands. I regard the whole grant-in-aid system as an unmitigated nuisance and a great waste of good money without adequate return. The Government is only playing at education under the grant-in-aid system, and we shall never have thorough-going steady progress until Government takes absolute charge of the education of the children of the island. Missionary bodies did, I believe, in the earlier days serve a useful end in assisting Government, but that time has quite gone by now. At present in Jaffna rival schools are cutting each other to pieces, and efficient, scientific education is impossible. We need in Jaffna fewer schools with more efficiency both of staff and equipment.

(5) Yes, provided you can introduce some scheme which shall assure that the fees are actually paid by the children; otherwise honest Managers would be at a great disadvantage.

(6) I question it; it would depend on how much pressure you are prepared to use in accomplishing your purpose. I do not think people care enough for vernacular education to pay for it.

I would like to add that while I speak as a missionary I speak also from the standpoint of an American who abhors any partnership between Church and State, and who has been brought up from earliest years in State-controlled schools in which any species of religious instruction was absolutely prohibited. I am sure that the present grant-in-aid schools of our mission, so far from being any real advantage, are a great detriment. Our teachers are hypocrites in large part, and as such wield an immensely harmful influence. This results from trying to "serve two masters,"—the Inspector, whom they must bribe, and the Missionary, whom they must satisfy.

Any further information I can give will be gladly furnished.

Respectfully yours,
J. H. DICKSON,
American Ceylon Mission.

(*f*) THE REV. G. B. BROWN, AMERICAN MISSION.

SIR, Kodaikanal, India, June 24, 1905.

I REGRET that on account of illness I have not been able to reply earlier to your letter of 19th April, and I also regret that even now I am unable to give you the particulars you ask

in regard to expenditures, as my accounts are all at my station. I shall be glad, however, to furnish these particulars at the earliest opportunity.

In regard to your second series of questions I am glad to express an opinion.

1 and 2. These two questions are really one. If by "religious instruction" you mean giving such teaching as shall make the children acquainted with the contents and teachings of the great religious books of the world, I should answer emphatically "No" to both of these questions. Such books are a very potent factor in the life of a people, and a child's education is really neglected if this department of instruction is closed to him. This is true of Hindu, Buddhist, and Mohammedan books, as well as Christian. If, on the other hand, you mean by "religious instruction," the attempt on the part of the teacher to persuade the children to adhere to one particular religion and to reject another, or the attempt to gain adherents to one sect and to discredit another, I believe that such teaching should be excluded from certain hours in the schools and that no pupil should be compelled to attend such teaching. As a Christian Manager I should call such compulsion a very bad way to teach Christianity, and in my own schools I give the children liberty to absent themselves from such instruction if the parents so desire. I believe that all matter in text books which is of a controversial character, which makes an attack on the religious teaching of a part of the community, and which tends to excite opposition, should be excluded. However, since the Government does not publish suitable text books (in Tamil at least) but puts upon the Managers the responsibility of furnishing their schools with proper texts the Managers have a right to considerable liberty in the choice of material, provided they exclude such material as I have defined above.

3. It has been my practice to expend a grant earned by a given school upon that school. I am not sure that it is a wise policy, because of the difficulty of equalizing conditions. Two schools one mile apart may present radically different conditions. The teacher in one may be more efficient, and work much harder than the other and still be unable to earn so much grant, and even if the Manager is able to equalize the salaries by other funds the conditions are still not equalized. The only way so far as I can see to equalize conditions is to have compulsory education and to pay the same salaries to teachers of the same qualifications. As matters stand now I think it would be unfair to compel managers to spend the grant of a given school on that school.

4. If school attendance is made compulsory the only power that can compel is the Government; and if the Government compels, that means that the grant-in-aid system must be given up, and that the Government must take full charge of all education—"a consummation devoutly to be wished." If the grant-in-aid system continues and school attendance is made compulsory the only way to protect that part of the community which objects to religious teaching—an exceedingly small part of the community in Jaffna at least—is to enforce the conscience clause strictly. I think it would be a very great mistake to try to solve the problem by increasing schools, as there are now quite enough schools in Jaffna at any rate.

5. I believe that the Government can do Managers and English education a great good by devising some plan for compelling the payment of fees in English schools. I am not prepared to say that the minimum should be a sum equal to the grant. Cases might occur where that would be unjust. I venture the following suggestions:—

(*a*) Let the Director of Public Instruction require each Manager to submit to him a schedule of fees in each English school under his management.

(*b*) If these are approved by the Director of Public Instruction let them remain as they are. If not, let them be approved temporarily, and let the Manager be notified that within a given time, a year or two according to circumstances, his fees must be up to a proper standard.

(*c*) Let the Director of Public Instruction issue stamps, like telegraph stamps, to be attached to the receipt given to each pupil who attends the school, one-half given to the boy and the other half remaining in the school on the stub.

(*d*) Let every pupil presented for examination be compelled to present receipts for his full tuition, or else let no grant be paid for his passes.

(*e*) In order that poor boys may be assisted, let the Manager be permitted to use a given per cent. of the grant in paying fees.

(*f*) When the examination is over let all money paid for tuition as shown by stamps cancelled and all money earned by the result of the examination be paid to the Manager.

This would mean a bit more work for the Department. So will any scheme that may be devised. But it will mean more fees, better salaries to teachers, and a general improvement in our English education.

6. I think it would be neither possible nor right to collect fees in vernacular village schools. A self-respecting, decent Government ought to feel bound to provide the children of the country with at least an elementary education in the vernacular of the country. If more money is needed, levy local taxes on the whole community that is benefited by the education of its children, but in the name of all that is progressive do not put a barrier in the way of children going to school by making them pay fees. Fine the parents if they fail to send their children to school, but not if they do send them. The case is quite different in English schools. I believe that all vernacular education in our village schools should be absolutely free.

In conclusion, let me say a word on the general question of education in Ceylon. I have indicated above that I think there would be a great gain if the Government would assume full charge of education. I believe that any Government which calls itself progressive and

up-to-date ought to make ample provision for the proper education of its children, and it ought to do this without asking benevolent and religious organizations to assist it. I suppose the Ceylon Government would resent being called unprogressive or out-of-date; therefore I believe that it is time the Ceylon Government ceased to play at educating its children. If, however, the Ceylon Government is not prepared to take full charge of education, and still wants the assistance of such organizations as the one to which I belong, then in the name of all that is just let the Government give us the assistance and the co-operation we deserve. We are doing a work which the Government ought to do, and in doing this work our hands should be upheld strongly and cordially by the Government. Some of us have been made to feel that the Government regards us as receiving great favours, and therefore greatly beholden to Government. Far be it from me to make light of the favours we do receive. They are real and substantial favours, and I am thankful for them. But the Government has in years past asked missions and other bodies to co-operate with it in education, and these bodies have spent large sums in the work. And now it seems to me that either of two courses is open to Government; either to assume full charge of education, and in so doing to see to it that organizations which have been investing time and money to assist in this work shall not lose in having schools taken out of their hands, or else to frankly acknowledge that it—the Government—is not yet able to assume full charge, but still needs help from other organizations and then give to Managers their cordial support, without the thousand and one petty little annoyances to which they are often subjected. I believe that the Government should face the situation squarely and choose one of the courses. My own choice would be the first.

I am, &c.,
G. G. BROWN,
Manager of Schools.

(*g*) Mr. J. Moonasinghe, Acting General Manager, Buddhist Schools.

Sir, Buddhist Headquarters, Colombo, May 16, 1905.

Referring to your letter, dated 19th April, 1905, I have the honour to send the following statement of accounts for the year 1904:—

—	Grants.	Expenditure.
	Rs. c.	Rs. c.
Aided English schools	7,391 75	23,435 44
Aided Vernacular schools	43,626 90	47,697 8
Unaided English schools	—	2,100 0
Unaided Vernacular schools ...	—	3,021 0

2. In regard to the points on which you invite expression of opinion, I beg to state the following:—

(1) I have no objection to the introduction of a conscience clause.
(2) As regards text books, it will be difficult to exclude all religious matter, but lessons on religious subjects should be prohibited. This I regard as a necessary complement to a conscience clause.
(3) A hard and fast rule as the one proposed is bound to place serious difficulties in the way of Managers. It may perhaps be possible to group schools, so that the balance of grants of one school may be expended on another school of the same group.
(4) If school attendance becomes compulsory Clause 12 should certainly be modified at least in regard to the average attendance necessary for registration and the two-mile distance required by that clause.
(5) In regard to fees, schools in large towns may not find it difficult to comply with such a provision, but out-station schools will certainly be affected adversely by such a regulation.
(6) I do not think it possible to recover fees in vernacular schools.

I am, &c.,
J. MOONASINGHE,
Acting General Manager, Buddhist Schools.

(*h*) Mr. S. K. Lawton, Manager of Private Schools, Jaffna.

Sir, Manipay, Jaffna, May 16, 1905.

In reply to yours of the 19th ultimo I have the honour to furnish the following information:—

The total amount received in grants from the schools under my management in 1904 was Rs. 843, and the expenditure Rs. 843. All expenditure on buildings, prizes, furniture, &c., is derived from public trust and other funds, which have not come under my direct control as yet. Two schools under my management not in receipt of grants are maintained at an expense of about

Rs. 400. With regard to the introduction of a conscience clause, religious instruction should never be made compulsory, especially for children holding alien faiths. Any support, direct or indirect, granted by Government for compulsory religious instruction contravenes the spirit of the expressed policy of non-interference of Government in the religions of the people. The great activity of non-Christian workers in the educational field is the outcome of the apprehension that the original religions of the people will be undermined, if not extirpated, through Managers of foreign creeds instilling into the impressionable minds of little children opinions adverse to their own religion, national customs, and observances. Managers of grant-in-aid schools should also abstain from compelling, or unduly influencing, children's attendance at their own places of worship, and the removal of religious emblems and ornaments usually worn by Hindu and Roman Catholic children should never be obligatory in schools under Managers of different creeds.

With regard to the inhibition of books containing religious matter, a simple narrative or expositon of principles may not be objectionable, but books with pictures and descriptions grossly misrepresenting and bringing to contempt the religions and customs of children should be prohibited. Conversion rarely results from prejudicing the minds of children against their religion, but the religious restraint on moral conduct is rendered inoperative from an early age, and society suffers thereby.

Grants received by particular schools should never be diverted to others. Such a course will discourage the teachers earning the same and will lead to misapplication.

It is inexplicable how in this enlightened and free age any compulsion can be exercised in imparting religious instruction, especially on those of alien faiths. Should it be necessary that such aided schools remain in existence, the people should be allowed exceptional facilities for opening schools when this is absent by (1) limiting the number of the requisite average attendance to 30 in a new boys' or mixed school and 20 in a girls' school; (2) by counting on the average children who have been transferred from other aided schools, for a period of one year, in modification of Clause 12 of the Educational Code; and (3) by allowing such schools to be taught by teachers who do not possess certificates or licenses.

I am unable to give an opinion as regards the fixing a proportion of school fees in relation to the grants.

It will be possible to recover small fees in vernacular schools wherever Managers can agree among themselves to insist on payment.

I have, &c.,
S. K. LAWTON,
Manager of Schools, Manipay, Jaffna.

(*k*) Mr. S. M. Burrows, C.C.S., Acting Government Agent of the North-Western Province, late Director of Public Instruction.

Education Commission.

Sir, The Kachcheri, Kurunegala, May 29, 1905.

Referring to your letter, No. 627c of 19th ultimo, I have the honour to inform you that as regards paragraph 2 of Mr. Wace's letter of April 19th, my opinion on the point raised is as follows:—

(1) A conscience clause should be obligatory in the case of all schools applying for or receiving a grant. I say this with the less hesitation because I feel sure that the refusal up to the present of nearly all the religious organizations to accept a conscience clause has been detrimental to their best interests, though I have no doubt it was dictated by high motives. Moreover it is obvious that if there is any idea of introducing compulsory education aided schools must either accept a conscience clause or largely disappear.

(2) This will be an exceedingly difficult matter so far as vernacular readers are concerned. I know of very little vernacular literature which is not religious. If all such literature is to be excluded, I suppose the only alternative would be translations of an English reader of a secular type. We should thus be prevented from introducing the children to any real knowledge of the literature of their native land; we would only pretend to provide them with the materials for ultimately acquiring such a knowledge.

(3) I am certainly in favour of this being enforced in the strongest possible way. There can be no doubt as to the object with which the grant is given.

(4) If a conscience clause is brought in the difficulty largely disappears. In that case I presume the Manager of an aided school would be given the chance of supplying the educational wants of the district lying within the prescribed radius, and the advantage of the compulsory machinery. He would, of course, have to enlarge his buildings if he accepted the responsibility, but it would not be difficult to invent measures for helping him financially. In the case of a school that declines to accept a conscience clause or to throw its doors open to all comers, I should at once abrogate the present rule, and give full permission to plant a Government school within the radius, to the building and upkeep of which every one without exception would have to contribute; but I would excuse attendance at the Government school on the part of children whose attendance at the religious school is properly proved once in three months by the production of the school register.

(5) I trust it will shortly be laid down that all Municipalities and Local Boards are to support education within their limits by means of a rate specially imposed. Therefore the adjustment of school fees within these limits would rather depend on the incidence and outcome of that rate. As to schools under Schedules A and B outside those limits, I should certainly vote for the new rule. It would probably lead to the closing of a certain number of schools that would be unable to collect the necessary fees and thereby lessen the grant. And this I certainly advocate as a principle, my own feeling being that we spend too much upon grants to English schools and too little upon vernacular education. The cheapness of a so-called English education in Ceylon is unnecessary and to some extent deplorable. It has demoralized the teaching of English; it has filled the youth of the country with ideas as to employment which they have no real qualifications to fulfil; it has cheapened the salaries of teachers to starvation point, and has been the prolific parent of petition-drawers and outdoor proctors. I believe the best remedy for all this is to raise the cost of an English education, and I would do so out of the pockets of people who require it rather than out of the general revenue. On the other hand, I hold that vernacular education cannot be too widely spread, and I should like to see the expenditure of general revenue on this object largely increased.

(6) Not in this district at present.

I am, &c.,
S. M. BURROWS,
Acting Government Agent, North-Western Province.

APPENDIX IX.

SOURCES OF ADDITIONAL REVENUE.

The following figures are given in order to justify the statement in the body of the report that fresh sources of revenue can be found by indirect taxation of exports and imports. They show how additional revenue of Rs. 750,000 might be raised without adding seriously to existing burdens. The articles have been selected with a view to a fair distribution of the burden amongst all classes and districts. The amount is approximately that which would be thrown upon local rates during the next ten years, supposing the rates to be charged with half the cost of elementary education, and the numbers of children at school to increase at the rate of progress which the Commission have estimated as probable.

J. HARWARD.

Suggested Import Duties.

Suggested Enhancement of certain Import Duties to a uniform average of 10 per cent.

—	Quantity Imported.	Value.	Average Price (in Customs Returns).	Duty.	Duty per Cent.	Amount which might be realized by enhancing Duty to general Average of 10 per Cent.
		Rs.	Rs. c.	Rs. c.		Rs.
Curry stuffs :—						
Chillies ... ... cwt.	74,888	1,191,323	13 0	1 0	7·6	
Coriander seed ... ... „	30,262	181,585	6 0	0 60	10·0	
Cummin seed ... ... „	7,495	202,391	27 0	1 15	4·2	
Fennel seed ... ... „	3,219	40,304	12 50	0 75	6 0	72,400
Garlic ... ... „	8,671	100,400	12 0	0 65	5·4	
Mathe seed ... ... „	4,854	38,837	8 0	0 55	6·8	
Tamarind ... ... „	34,441	137,797	4 0	0 25	6·2	
Turmeric ... ... „	6,929	86,569	12 50	0 65	5·2	
Fish salted ... ... „	215,230	1,720,827	8 0	0 50	6¼	64,500
do. Maldive ... ... „	66,082	1,817,301	29 0	1 0	3·4	115,100
Ghee ... ... „	3,177	126,192	40 0	2 50	6¼	4,100
Onions ... ... „	195,756	587,375	3 0	0 17	5·6	25,800
Gingelly ... ... „	17,348	97,843	—	—	5½	4,400
Ginger ... ... „	1,746	43,690	25 0	0 80	3·2	2,900

	Quantity Imported.	Value.	Average Price (in Customs Returns).	Duty.	Duty per Cent.	Amount which might be realised by enhancing Duty to general Average of 10 per Cent.
		Rs.	Rs. c.	Rs. c.		Rs.
Pepper (whole) ... ... cwt.	623	18,224	24 0	1 50	6·2	600
do. (long) ... ... „	178	11,616	65 0	3 0	4·6	600
Biscuits ... ... lb.	837,312	295,763	—	—	5½	16,200
Confectionery ... ... „	529,475	166,170	—	—	5½	9,100
Umbrellas ... ... doz.	21,623	301,766	—	—	5½	21,800
Lamps ... ... No.	59,819	55,937	—	—	5½	5,300
Clocks ... ... „	6,239	34,560	—	—	5½	1,400
Watches ... ... „	8,228	93,070	—	—	5¾	4,100
						348,600

Suggested Export Duties.

Estimate of Amount to be realized by the following Duties, based on the Customs Return for 1904.

	Rs.
One per cent. on all cocoanut produce (except arrack)	241,000
Do. cinnamon	22,700
Do. kitul fibre	1,800
Do. palmyra fibre and rafters	2,300
Do. citronella oil	8,900
Do. skins	3,700
Two per cent. on tobacco and cigars	18,600
Additional royalty of 25 cents per cwt. on plumbago	130,400
Total	429,400

APPENDIX X.

REPORT OF THE COMMITTEE APPOINTED IN 1901.

Educational and Medical Rate.

In considering the difficult questions referred to this Committee, the first point that seems to arise for decision is—Whether it is or is not desirable that education should be made compulsory for all the inhabitants of the island, and, supposing this to be answered in the affirmative, to what species of education should this rule apply? We are of opinion that Government should take steps to compel parents to give their children a good *vernacular* education, and should be ready to assist in promoting Anglo-vernacular education, but should not insist on its being supplied to anyone. We believe that to compel parents to have their children taught two languages would impose too great a burden on the people; and, if this be admitted, the choice seems to be between an entire abandonment of the native languages (a step which we are not prepared to advocate) and the restriction of compulsory education to the vernacular alone.

We think that when parents have had their children instructed in their native language, and in such branches of knowledge as can readily be communicated in that language, they have done all that can reasonably be expected of them. It may be argued that English must ultimately become the language of this country, and that such an education will prove more generally useful to the people than a knowledge of Sinhalese or Tamil. Even if we were to admit this to be correct, we think that the time is yet far distant when the great majority of the people will make use of the English language in the ordinary transactions of life; until such a state of affairs has arisen a knowledge of English should be looked on in this country much in the same light as that in which a University education is regarded at home, as an advantage which parents who can afford it would do well to confer on their children, but one which is not essential even to their success in life.

Proceeding then on the supposition that vernacular education is to be made compulsory, we must next consider how is the cost of supplying this education to be met. The nature of the instructions issued relieve us of the necessity of deciding whether the whole of this cost is to

be borne by the general revenue of the Colony, for it has been laid down that it may be assumed that at all events a portion of the cost is to be met by the levy of a cess or rate.

Accepting, therefore, as a necessary hypothesis the fact that a portion of the expenditure must be contributed by those who are benefited by the education supplied, we must now consider, one by one, the questions which arise as to the best mode of levying such a contribution.

Is the rate to be compulsory? We have no hesitation in answering this question in the affirmative as far as education is concerned. If education is to be universally compulsory, it certainly cannot be paid for by a voluntary rate. Under the scheme proposed, however, cases may occur in which it will not be necessary to levy a rate. This need not be done when the inhabitants on a certain area are in a position to make satisfactory arrangements for the education of their children without the assistance of Government. Let us suppose that by the judicious benevolence of private individuals a sufficient number of schools are built and endowed with sums large enough to maintain them in a state of efficiency, or suppose that the schools are erected and maintained by private enterprise, the parents being able to pay fees on a scale which would render the schools remunerative without a grant; in such cases the sole duty of Government (a duty which should be performed without any charge to the people) would be to satisfy itself that the system of education in force was such as to secure efficiency. When, however, any cost, exclusive of that required for supervision, has to be incurred by Government, the people should be called on to contribute a share.

The next question that arises is—How is this rate to be levied, *per capita* or as a property tax?

On this question we have unanimously arrived at the conclusion embodied in the following resolution:—

"We cannot state too strongly our opinion that it would be a fatal policy to introduce any system by which payment of this rate was made recoverable by the seizure and sale of property movable or immovable."

It seems to us that the rate must be either personal, that is, that each person liable must be called on to pay a specific sum, or it must be based on the assessment of property, the amount payable being proportionate to the value of the property. The latter system is practically equivalent to the imposition of a land tax. We are strongly opposed to such a tax. We believe that the paddy tax was an almost ideal land tax, but after a long trial it was ultimately condemned and abandoned. If the proposed cess were recovered as a tax on land, it would practically amount, not merely to the re-establishment of the paddy tax, but to an extension of the same principle to all lands, whether cultivated or not. Under the paddy tax the land-owner, if he chose crop commutation, was not compelled to contribute anything when the land was not cultivated or the crop failed; the boundaries of the different shares were well known or defined, the yield had been assessed by revenue officers of many years' experience after carefully ascertained tests of the actual yield in different lands and soils. The habit of cultivating in yearly turns instead of in undivided shares in every year greatly facilitated the recovery of the tax. In all these particulars a land tax would compare very unfavourably with the paddy tax. Every acre of private land in Ceylon would have to be assessed at least every five years. This of itself would be an enormous task; recoveries would have to be made every year, and if the rate were—as it must be—a low one, the costs of assessment and collection might in many cases exceed the amount credited. A large proportion of the land thus assessed would be unsurveyed, and in many cases the boundaries of the different holdings would be quite undefined. It is not unusual in the low country to find twenty families living in one undivided garden. The boundaries of uncultivated land are not, as a rule, defined in any way. If the land had to be sold, a survey must be made, and, as in the case of Fiscals' transfers, the cost of the survey would often exceed the value of the land. The continuous sub-division of property throws almost insuperable obstacles in the way of a land tax, and though this is more accentuated in the maritime provinces than among the Kandyans and Tamils, the difficulty is to be met in all parts of the island. A large section of the community would escape all contribution to a land tax; professional men, clerks, traders, mechanics for instance—in fact, no one would pay whose income was not derived from land. This immunity on the part of certain sections of the population would of course have the effect of considerably increasing the amount to be paid by those who have to contribute to the rate, or would probably have the effect of deprecating the value of landed property generally.

The practical working of such a system can best be seen by supplying particulars of a very careful assessment recently made. In Appendix A will be found particulars of lots 490 to 510 taken at random. It will be seen that the average number of shareholders in each of the twenty-one lots exceeded ten. The mode of procedure for recovery of the police tax, a tax levied on the rateable value of property, is laid down in Section 40 of Ordinance No. 16 of 1865; a notice must be served on, and the tax recovered from, the owner or any joint-owner of the lot; if the person thus selected does not pay the tax, his movables must, in accordance with the provisions of Ordinance No. 6 of 1873, be sold. The headman who collects the tax is therefore compelled to select one person out of the forty-four and make him liable for the whole amount. The person selected may be the individual whose property can be most readily seized, or the man from whom least resistance is expected, or whose animosity is to be least feared. In lot 490 the amount due by each individual comes to a tangible amount, but in other cases, lot 501 for instance, the liability of each shareholder comes to only one-thirty-seventh part of 12½ cents. This amount could not be tendered, but if, as in the case of lot 490, the sum was appreciable, the 24 cents would not be recovered, nor indeed would any sum less than that for which the whole forty-four persons were liable. If the individual selected did not meet the whole demand, his

household property would be seized and sold, and the entire amount would be recovered with costs. The unfortunate person thus selected by the headman has no possible way of recovering from the other shareholders the money which he has been compelled to pay on their account. This is apparent when the sum due is less than a cent, but even if it amounts to a rupee—an unusual case—the costs of recovery would considerably exceed the debt. It will, we think, surprise many people to learn that in this country a man's household effects can be seized and sold to satisfy the debts of a person whom he never saw, never had any transactions with, and of whose very existence he might be in ignorance. Not only has the unfortunate A thus to pay the tax due by B and C, but also the costs consequent on their neglect, if indeed the conduct of B and C can be called neglect when all that they have done is to decline to contribute the amount due by some forty other persons. The above is the actual, and, as far as we can see, the inevitable result of an attempt to recover taxes based on assessment of property in a country in which sub-division of land is as extensive as it is here.

It is to be noted that something in the nature of the above results will follow in every instance in which there is more than one shareholder for the lot. In the case which we have taken as an example, and which we see no reason to doubt is typical, fourteen lots out of the twenty were owned by more than one person. It may, therefore, be fairly assumed that 50 per cent. of the total number of lots would ordinarily come under this head. We must also point out that the power of taxation, and therefore the power of exemption, is left entirely in the headman's hands, and we do not see how this is to be avoided. He must recover from one of the shareholders, and by so doing must virtually exempt the others. It will also be observed that, under these circumstances, non-resident or influential shareholders will never pay anything; the sale of the household effects of some less fortunate person will relieve them of all obligation in the matter. It seems difficult to imagine a worse system of taxation. Some persons may perhaps think that if the land alone were made liable much of the apparent injustice of the above procedure would be avoided. If the threat of sale induced one of the shareholders to pay, the injustice would remain much th same, except that costs would not be recovered. If, however, the land were actually to be sold, the results, though not so inequitable, would be infinitely more disastrous to the people. The sale of lot 490 (*vide* Appendix A), for instance, would mean the eviction from their ancestral holdings of forty-three persons, many of whom might be almost entirely dependent on the produce of the land. The sale must result in the transfer of the entire block to one individual, who would then possess exclusive rights. The ruinous consequences of such an operation can hardly be exaggerated; it must inevitably result in bitter quarrels, litigation, and bloodshed. The rich would probably view such a sale with indifference, if not with absolute favour; they would recognize in it an excellent opportunity either to get rid of their co-shareholders and become exclusive owners of the land, or to dispose of a small undivided share which would in any other way be unsaleable. The poor would, however, regard with a well-founded apprehension the prospect of eviction, and it is not difficult to foresee that under the circumstances the payments of the tax would be made by those who had most to lose by a sale. Unfortunately these persons, as has been pointed out, are the very poorest, those who can least afford to pay the tax, and who should be the last to be called on to pay it. The sale of the land would, after the payment of expenses, leave a large balance in deposit. This would have to be distributed among the shareholders in proportion to their shares. This would be a work of extreme difficulty, almost certain to lead to litigation, in the course of which the whole balance would probably disappear. The people themselves greatly prefer a direct personal tax to any imposition which has to be recovered by the sale of their property. They point out with perfect truth that a land tax will probably have the effect of depriving women, children, and the blind, and the sick, who cannot work and thus earn the tax, of their sole source of maintenance. Such persons cannot be exempted, as they are shareholders in a land which is liable for the amount due.

Lest it should be supposed that the case taken as an example is not a typical one, or that minute sub-division of land exists only in the Southern Province, we annex in Appendix B a statement of some *bonâ fide* claims put forward to lots, not as a rule of more than half an acre in extent, required for the Kelani Valley Railway. It will be seen that the shares in those cases are as small as in those taken as specimens on Appendix A. By the statement attached, which is compiled from recoveries made of the cost of a punitive police force in the village Ratmalana, in the Western Province, it will be seen that about two-fifths were returned as possessed of no property. These would all have escaped payment on an assessment system; even as it was, recoveries were only made from 470 persons, whereas road tax was collected from 666 men:—

RECOVERIES OF RATMALANA POLICE TAX.

Persons called on to pay	788
Returned as possessed of no property	305
Possessed of property	483
Paid the police tax	472
Paid road tax in Ratmalana	666

It will be seen from the above that had the tax been levied by an assessment of property, probably not more than one-half the inhabitants would have contributed, as some of the persons entered as possessed of property would have only owned movables and thus escaped taxation. On the other hand, females, minors, the sick and infirm, who happened to be possessed of immovable property, would have been compelled to contribute.

We have written at some length on this subject because we have reason to believe that some persons, led away by abstract principles of taxation and ignorant of the practical results of the introduction of a land tax, are in favour of such a scheme. We think, however, that the above

statements of actual facts will quite justify our opposition to this system of taxation. We may summarize our objections as follows:—The system is *arbitrary* in its method of apportionment, as it is left to the headman or collector to decide who shall pay and who shall not. It is unjust in its incidence in practice, however equitable it may seem to be in theory. The tax will in many cases *fall on the poorest* of the shareholders. The cost of assessment and collection will be *very high*, possibly almost equalling the amount of the rate, and thereby doubling it. The result of non-payment will be ruinous to the poorest section of the community. We are thus driven to the conclusion that the recovery of a rate based on assessment of property, however plausible it may seem, is undesirable, and indeed impracticable, and we are compelled to recommend the recovery of a personal tax. We have now to consider how the amount payable by each individual is to be fixed and how it is to be recovered.

We are compelled to admit that on principle all taxes levied *per capita* are objectionable. Whether taxes are intended for local or general purposes, it is desirable that the wealthy should contribute more than the poor. It must, however, be again pointed out that this end is not to be attained—as some people suppose—by a land tax. We have shown above that the result of actual experience teaches that such a tax is productive of far greater inequalities than can arise from a personal tax. It is almost impossible to imagine a case under the latter system in which one man would be called on to pay the whole amount due by forty-four persons. We would propose that, instead of demanding from one shareholder the sums due by perhaps twenty others, an attempt, however crude and general, should be made to tax the people according to their means, making a specific sum payable by each individual. This would limit the responsibility of each individual to the actual amount due by himself alone, thus eliminating the difficulties that must inevitably arise if any attempt is made to recover in proportion to the amount of shares held. We would propose that every three years the male inhabitants of the area from which the rate is to be recovered should be divided by the Government Agents into three classes:—

(1) The wealthy.
(2) Persons who are fairly well off.
(3) The poor.

The Government Agent should also have power to exempt from any payment persons who he is satisfied are not able to contribute even the sum fixed for Class 3. We think that this is the nearest approach to an income tax which is at present practicable in this country.

In answer to the question whether the rate is to be universal or only to be levied on the localities benefited we would point out that as education is to be universal the localities benefited must also be universal, but we are not in favour of enforcing a uniform rate in all districts. It has already been pointed out that cases will arise in which the schools within a given area will be self-supporting, either by endowment, or because the fees charged can be made sufficiently high to cover all expenses. Every effort should be made to encourage this class of school, which seems to offer the fairest and simplest solution of the difficulties of the position.

We do not think that there is any area in Ceylon which cannot be defined with sufficient accuracy for all practical purposes. The island is divided into villages, the boundaries of which are well known. Every case, civil or criminal, instituted in a court, or every deed relating to land, contains a specific statement of the village in which the occurrence took place or the land is situated. No difficulty, as far as we are aware, has arisen in supplying this information, and this seems to prove conclusively that the boundaries of all villages are well known by the inhabitants. Disputes involving a few acres of land may arise, but we do not believe that they would present any serious obstacle to the definition of any given area. Under the scheme which we propose the assessment will be a personal one made by the Government Agent, and the recovery must also be personal. We recommend that in default of payment the amount be recovered as a fine of court, but without the issue of a writ of distress. If a man's property, movable or immovable, has to be sold to meet his liabilities, we think that it is in every way better that he should sell it himself than that it should be sold by an order of court. The latter process has been very generally found to be unsatisfactory. The property is often sold much below its value, the costs (which frequently include the expenses of a survey) are in many cases very heavy, and fall entirely upon the debtor at a time when he is least able to bear them. In recovering a rate such as that proposed the costs would in all probability exceed the amount of the rate. Fraudulent claims are frequently made to property seized on order of court, and, even when the claims are *bonâ fide* they frequently result in lengthy and costly litigation. The mode of recovery proposed, though it may at first sight appear harsh, is, we are convinced, in the end the best for the interests of the debtor himself. Practically, the system recommended is that laid down in Clause 37, Sub-section (3), of Ordinance No. 13 of 1898, for the recovery of the vehicles and animals tax. It is also in this way that the cost of sanitation, one of the heaviest charges made by the Colombo Municipality, is recovered punctually and without the least difficulty. The success of the system is best shown by the following extract from Mr. Ellis's report on the Municipality:—

> The recoveries on account of the Health Department are also thoroughly well made, and might indeed serve as a model of what can be done in the way of collection when proper machinery is efficiently employed. The books kept are complicated, and it is difficult to obtain from them tables of actual results, but I see no reason to doubt the substantial correctness of the following figures:—

	Rs.		Rs.
Collected during 1898	65,604	Arrears for 1898	1,132
1899	112,075	1899	590
1900	116,271	First quarter, 1900	397

Probably these figures cannot be surpassed by any statement of recovery of taxes in any part of the world, especially when it is borne in mind that in no single instance has property been sold or the defaulter imprisoned. The secret of this success is to be found in the manner of recovery. This is made on the system which I have advocated for the collection of the vehicles and animals tax. Defaulters are summoned to court practically to show cause why they should not be compelled to pay. Time is allowed when necessary, the amount is then paid, and the case withdrawn.

An examination of the returns of road tax collections also show how effective this method is for collecting a fixed sum from each individual without imprisonment or sale of property. When a man knows that a certain sum has to be paid by an appointed day, he either earns or saves the requisite amount. We may point out that in England the recovery, even of private debts, and—as we understand—in some cases the income tax, is effected by means very similar to that proposed. As far as we can learn, when the judge is satisfied that a man, though he has no property available for seizure, is in a position to pay his debts, he is sentenced to imprisonment in default. We would be glad to recommend that in this country, as in England, the imprisonment should be "simple," but we are satisfied that the great majority of the people would prefer simple imprisonment to payment. The history of the road defaulter is absolutely conclusive on this point: when he was subjected to a form of punishment more severe than simple imprisonment, amounting in fact to rigorous imprisonment, without isolation or hard labour, the jails were crowded and the tax was not paid. The substitution of a deterrent form of imprisonment has almost abolished the necessity for imprisonment at all. We do not think that anyone can read the figures contained in Appendix C without arriving at the conclusion that it is practically impossible to adopt a system which resulted in the annual imprisonment of 15,000 men in preference to one which has reduced that number to 174. We think that the remarks of the Inspector-General, written in 1893, when forwarding figures up to 1892, are worthy of perusal (*vide* Appendix C 1). We are strongly of opinion that no tax could be devised from which the amount now recovered under the road tax could be collected at so little cost and with so little hardship to the people.

We advise the following course of procedure:—A list of defaulters should be furnished to the Police Court having jurisdiction, which should secure their attendance by summons or warrant, as seems expedient, and call on them to show cause why they should not pay the amount due. If no satisfactory cause be shown, the defaulter should, if he can give security, be enlarged on bail for a reasonable time, not exceeding one month, to enable him to make up the sum required. On final default of payment the man should be sentenced to a period of rigorous imprisonment, and such imprisonment should be a complete discharge of the debt.

We would not advise that any maximum rate be fixed. A sum which might be a reasonable maximum if applied to the suburbs of Colombo might be much too high for rural and remote districts. On the other hand, if the rate were fixed at the highest sum which could be paid by residents of the poorest parts of the island, this might be inadequate to the requirements of the wealthier localities.

The scheme which we would propose is as follows:—

The island should be divided into educational areas, and for each area a committee should be elected by the people. It should be the duty of this committee to make arrangements for supplying sufficient educational facilities for the residents of the area represented. Government should be in a position to insist on the provision of such facilities by being empowered to make arrangements and fix a rate itself when the committee neglects or refuses to make adequate and satisfactory provision. The procedure laid down in the 83rd and following clauses of Ordinance No. 7 of 1887 might be adapted so as to meet the circumstances of the case. The committee should be elected by the persons included in Classes 1, 2, and 3 from the persons whose names are entered in Class 1. In addition to voting for the election of a committee, the inhabitants should be called on to decide by votes the class of schools, and the number of each class which should be established, whether vernacular, Anglo-vernacular, or both. Having elected the committee, and decided on the class of schools, the functions and powers of the inhabitants, taken collectively, should terminate, and their representatives—the committee—should be entirely responsible for all subsequent arrangements. The committee should first make estimates of the cost of erecting and furnishing the schools within their area and of maintaining them for five years. This amount should be divided into five equal shares, one for each year. One-half of this annual contribution should be borne by Government, the other half should be covered by the rate declared by the committee. The rate thus declared should last for four years; in the fifth a special rate should be fixed, which should, as far as possible, bring the actual amount recovered into conformity with the actual expenditure. Thus, if the original estimates have been exceeded, the rate for the fifth year will be higher; if there has been a saving on the estimates, lower than in the other four. The committee should only last for five years, and at the end of that time there should be new elections and fresh decisions by the people as to the class of schools to be maintained. In districts in which there are no Gansabhawa Committees the procedure indicated above would have to be followed in the election of a committee; where such committees exist, it should be left for Government to decide whether the Gansabhawa Committee should be employed, or whether separate elections should be held. It would, of course, be competent for the people to place on the Education Committee persons who have been elected for the Gansabhawa and *vice versâ*.

When the system has become well established we think that the Gansabhawa Committees may very probably become merged in the Educational Committees, and the Gansabhawa tribunal may be utilized, instead of the Police Court, for enforcing payments. In no case could the rate exceed or even approach the sum of Rs. 20, which is the present limit of Gansabhawa jurisdiction.

The system which we have described above will work independently of the Gansabhawa, and this system will always have to be continued in districts where there are not such organizations. Under either plan collectors will, of course, have to be appointed; in most cases the local headman will be able to perform the duties.

With reference to Municipalities and Local Boards, it does not seem to us that any serious difficulty arises. The property within the limits of those bodies is already assessed, and the cost of education must be met by an increase in the rates or by a reduction in the expenditure on other objects. The Council or Board will perform the functions of the Educational Committee, while an extension of the powers conferred on Government by Clauses 83, 84, and 85 of Ordinance No. 7 of 1887 will give it ample powers to insist on efficiency.

We have already pointed out how desirable it is to encourage the establishment of vernacular schools which can be maintained without the levy of a rate, and we would advise that Government contribute towards the maintenance of such schools one-half the amount of grant-in-aid which would be payable to the school under the scale in force at the time. In all other cases the grant-in-aid would have to be reckoned as part of the expenditure in the school, the probable amount of such payment would be included in the estimates, one-half would be paid out of the rate, and the other half be contributed by Government. We would propose that when schools can be maintained without a rate that the inhabitants be relieved of their share of the payment of the grant-in-aid, but that Government should continue to contribute its moiety. It is hoped that Managers will then so adjust their scale of fees that, with these and the half grant-in-aid obtained from Government, the school may be made self-supporting. We think that the rates of payment of grants in aid might be revised, the grants for vernacular education being increased, or those for Anglo-vernacular being diminished. If the views which we have advanced as to the responsibilities of Government in the matter of education be accepted, grants for the higher education, if paid at all by Government, should be reduced to the lowest possible limits. The cost of such education should be borne by those who receive it, and should not be allowed to become a burden either on the general revenue or on those who are satisfied with a lower standard. The present policy of the Education Department, by the payment of increased educational grants for the higher education, has stimulated this class of school at the expense and almost to the extinction of vernacular education. Indeed, under this system, many schools are maintained by the proceeds of high and not of vernacular education. This policy we believe to be an erroneous one. Those who require such an education should pay for it, and not the Government. If the system which we have proposed is introduced, no school should receive any assistance from Government without the approval of the committee. It should be a rule, with reference to all payments out of the rates or by Government, that in no school receiving such payment shall religious education be imparted after 9 a.m. Attendance before that hour should be entirely optional. It should also be insisted on that no educational books, except those approved by the Education Department, should be used in such schools. This rule is necessary to prevent the introduction of sectarian religious instruction into educational books. No grant-in-aid should be given to any Government school, but the present system of bonuses to teachers should be continued.

The appointment of all teachers in Government schools should continue to be vested in the Director of Public Instruction, and no payment should be made to any school unless the teachers hold certificates of competency from the Director.

It is hoped that the result of the proposed system will be greatly to increase the number of self-supporting schools, or of schools which can be maintained with the assistance of the Government half grant-in-aid alone. It will hardly be disputed that this would offer the best solution of the question as to how the cost of education is to be met. The Government school will in all probability be the most expensive, and as the teacher will have only a limited interest in the success of his pupils, it is not unlikely that it will also be the least efficient. The committee being themselves taxpayers, and also anxious to avoid the unpopularity which will be the result of a high rate, will endeavour to be as economical as possible. The people also, having a direct interest in the reduction of the rate, will welcome, and cordially co-operate with, the efforts of private enterprise to establish self-supporting schools. This will also be for the interest of Government, which will at the same time be in a position to insist on efficiency.

The aim of both parties will therefore be to increase the number of schools that can be maintained without a rate. If such schools could be made universal, or nearly universal, the difficulties of the position would have been overcome.

We also anticipate that, when wealthy and philanthropic persons recognize the immediate and permanent benefits conferred upon every inhabitant of the village by the erection and endowment of a school, there will be a great advance in this direction, and that the progress of education will thereby be greatly facilitated.

We would not advise that a medical rate be recovered until the experiment of an educational one has been fully tried. We believe that if the latter is found to be successful there will be no difficulty in extending the system so as partially to cover the expenditure necessary for the medical requirements of the people. In the meantime we would advise that new dispensaries be not opened until the people have made arrangements for contributing a substantial portion of the cost, either by providing the building or in some other way. We think that Gansabhawa Committees should have power to expend money for medical purposes as well as for those now included in the Ordinance.

In the course of this inquiry our attention has been very forcibly drawn to the great difficulty which is experienced in increasing direct taxation to any appreciable extent, however much the prosperity of the people may justify, or their requirements necessitate, such a course. We admit there are objections—some of them real, some theoretical—to the system which we

have proposed, but we feel that the position is such that we are driven to recommend the course which, in our opinion, is attended by the fewest evils.

As the instructions issued limit our inquiries to the introduction of a system by which the necessary funds can be recovered by the imposition of a rate, we have not considered the comparative advantages of other modes of raising the necessary funds. This will no doubt be fully discussed by the Committee on Taxation. We do not feel sure that an additional duty on salt, or the imposition of a small tax on exports, though both are theoretically objectionable, might not prove easier on the people or more acceptable to them than the personal tax now proposed.

F. R. ELLIS.
HERBERT WACE.
R. W. IEVERS.

Colombo, January 17, 1902.

ADDENDUM BY THE GOVERNMENT AGENT, NORTHERN PROVINCE.

When I was first consulted on this subject as Government Agent, Northern Province, I was of opinion that a general land tax would be preferable to a cess. The objection to a land tax has generally been based on its not being practicable unless there exists a cadastral survey. I did not admit this objection, nor do I think a land tax necessitates a prior survey. But on closely considering the matter in connection with the questions put to this committee, I find that the minute sub-divisions of property in the Sinhalese maritime provinces made it impossible to recommend a land tax, so long as our laws recognize indefinite sub-division of real property. I have therefore signed this report agreeing with the reasons set forth in favour of a personal liability of the same nature as that under the Thoroughfares Ordinance.

R. W. IEVERS.

APPENDIX A.

Number of Lot.	Amount due per Quarter.		Number of Owners.	Number of Lot.	Amount due per Quarter.		Number of Owners.
	Rs.	c.			Rs.	c.	
490	10	16	44	501	0	12½	37
491	0	50	1	502	0	12	5
492	0	16½	1	503	0	50	17
493	0	12½	1	504	0	12½	8
494	0	12½	2	505	0	50	46
495	0	12½	5	506	0	12½	1
496	0	12½	7	507	0	50	19
497	0	12½	1	508	0	12½	9
498	1	50	20	509	0	30	50
499	0	12½	1	510	0	12½	1
500	0	12½	8	21	15	74½	284

APPENDIX B.

CLAIM TO LOT REQUIRED FOR KELANI VALLEY RAILWAY.
Preliminary Plan 10,820, Lot A 872.

Present as claimants:—

1. L. André, claims 24/120
2. L. Elias Appu 40/120
3. L. Hendrick 40/120
4. Johanis 40/120
5. P. Seyodoris Appu 55/120
6. W. Paulis 6/120

Total 205/120

There appears to be no prospect of a settlement. Refer the parties to court.

F. R. ELLIS,
Government Agent.

August 31, 1900.

CLAIM TO LOT REQUIRED FOR KELANI VALLEY RAILWAY.

Preliminary Plan 10,820, Lot X 781.

Present as claimants:—

1.	K. Davit Perera	$\frac{6}{24}+\frac{2}{24}=\frac{8}{48}$
2.	K. Martina Perera...	$\frac{2}{24}$
3.	D. Anthoni Perera	$\frac{3}{24}$
4.	S. Corteris Perera	$\frac{3}{24}$
5.	M. Don Pedro	$\frac{8}{24}$
6.	K. Martinu Perera	$\frac{6}{24}$
	Total	$\frac{30}{24}$

There appears to be no prospect of a settlement. Refer to court.

F. R. ELLIS,
Government Agent.

August 31, 1900.

APPENDIX C.

Statement of Road Defaulters confined in Jail.

Year.	Number.	Year.	Number.
1877	3,251	1890	4,388
1878	8,129	1891	3,505
1879	7,532	1892	2,185
1880	8,611	1893	756
1881	14,839	1894	554
1882	15,147	1895	497
1883	15,283	1896	521
1884	14,838	1897	413
1885	12,654	1898	214
1886	7,911	1899	217
1887	4,345	1900	174
1888	4,902	1901	
1889	5,791		

Total number of persons who discharged their liability in 1900 ...
- A.—By labour ... 2,848
- B.—By payment ... 614,098
- C.—By imprisonment 174

APPENDIX C 1.

(Extract from Report of the Inspector-General of Prisons for 1892.

The figures with reference to the road defaulter are, as it seems to me, well worthy of consideration; indeed, the history of the road defaulter, if fairly written, would supply many instructive lessons in prison management. There have always been two theories with reference to the road defaulter. On the one hand, it was contended, "The defaulter has failed to perform his duty to the State—were he a French conscript the justice of his imprisonment would not be questioned;" on the other hand, it was maintained, "This poor man, whose only offence is poverty, the inability to pay two rupees; why should he be treated like a criminal?" The mode of dealing with the road defaulter for many years was really an attempt to evade the responsibility of deciding between those two irreconcilable theories. The man was sent to jail

as a punishment for having failed in his duty to the State, but was treated while there as if his only offence was poverty. The supporter of theory No. 1 was met by the perfectly true statement, "The offender has been punished"; the supporter of theory No. 2 was silenced by the perfectly true statement, "The poor man is really better off in jail than in his own village." It was indeed the discovery by the road defaulter that the second statement was really true that led to the downfall of the system of compromise which had been pursued with constantly decreasing success for many years. There appears to have been no alarm excited when the figures rose in 1878 from 3,000 odd to 8,000 odd, and remained at about the latter figure; nor, again, when in 1881 it rose from 8,000 odd to 14,000 odd; but when the returns for 1881, 1882, 1883, 1884 showed an average of over 15,000 men, it was felt that something must be done, and in 1884 the present Ordinance was passed. Still, however, the old controversy remained undecided, but another and exactly opposite mode of compromise was tried. This was embodied in what is known as the "labour centre system." By this system an arrangement was made which evaded the necessity of sending the road defaulter to jail, presumably because it was not thought expedient to subject to the degradation of imprisonment a man whose only offence was poverty. It was, however, clearly understood that the man was to be treated with the utmost rigour at a labour centre, presumably because he must be substantially punished for having failed to perform his duty to the State. This system was not of long duration, but there is reason to suppose that had it continued much longer it must have terminated in one or more criminal prosecutions. The scheme was based on the belief that prisoners would be properly fed, hard worked, and subjected to strict but impartial discipline, with no supervision but that of a road overseer, who was also in most cases the contractor for supplying diets. Several men escaped; they could not be tried before a court, for no court could convict them; and an almost insurmountable difficulty immediately arose. It was obvious that a system such as this must, before long, come into collision with the law. When the labour centre system was abandoned, the present mode of treating the road defaulter was introduced. This system, without settling the vexed question which has been discussed for over twenty years, simply lays down the apparently incontrovertible doctrine, that if a man is sent to jail he must be treated while there in such a manner as to render it improbable that he will return. The results of this decision, arrived at in the end of 1890, are clearly apparent. The return for 1891 shows a falling off of 883, while that for 1892 shows a further diminution of 1,320. The figures for 1892 are over a thousand lower than those of any return on record. I venture to predict that if the present be resolutely pursued, the road defaulter will have disappeared long before the final decision of the knotty question to which his imprisonment gave rise. It is, however, difficult to reconcile those figures with the theory of those who maintain that it is poverty, and not idleness, that sends the road defaulter to jail.

The first lesson drawn from the history of the road defaulter seems to be the danger of disregarding any considerable increase in any species of offence; the returns for 1878 and 1879 clearly indicated that something was wrong; in 1881 the warning was again repeated, but nothing was done till 1884. The rapid and continued increase in the number of persons convicted of any particular offence can bear but one meaning; the punishment inflicted, whatever it may be, is inadequate to deter persons from committing the offence.

The second lesson seems a still more important one; it is, that in this country imprisonment, unless accompanied by severity of treatment, is worse than useless. It is not, I think, assuming too much to suppose that, had the measures adopted in 1891 been taken in 1879, the number of men imprisoned might have been reduced to at least an average of 2,000 between 1879 and 1891.

APPENDIX XI.

REPORT OF THE SUB-COMMITTEE ON THE EDUCATIONAL CESS APPOINTED BY THE COMMISSION ON THE INCIDENCE OF TAXATION.

The Committee is unanimously of opinion that the time has come when the people should be called on to relieve the general revenue of a portion of the cost of primary education.

We think that within the boundaries of Municipalities and Local Boards this might best be done by adding education to the list of objects on which the revenue of these institutions can be expended, and by calling on them to contribute a fair proportion of the cost of providing primary education within their limits. The procedure adopted might be somewhat on the lines of that suggested in the extracts from the report of the Committee on a Medical and Educational Cess.

We recommend that outside these limits the scheme embodied in the report of the Committee on an Educational and Medical Cess be given a trial in a limited area and under careful supervision.

At the same time, we think it might be possible, to encourage existing grant-in-aid schools, to begin a system of charging fees which might ultimately render these institutions almost self-supporting, and thus to a great extent do away with the necessity for levying a cess.

In order to effect this most desirable end it would probably be necessary to pay to a certain number of specially selected schools a fixed sum annually irrespective of results, instead of a grant-in-aid in order to insure the Managers against the loss which might be sustained in consequence of the removal of pupils whose parents could not or would not pay the fee. It is also more than probable that advantage would be taken of this opportunity to set up rival

schools, and it would be necessary to place the existing establishments in a position to meet this competition. If the scheme is successful, the fees will form a gradually increasing source of income, and therefore the amount of the fixed grant should annually diminish, and, after the lapse of a specified number of years, cease altogether, as the school should then be self-supporting.

We think it right to point out that even if the above suggestions be adopted, they can give no substantial relief to the revenue for a considerable time.

The question of the imposition of a Medical Cess should, we think, lie over till the results of the experiments in relieving the revenue of part of the cost of education have been ascertained.

F. R. ELLIS.
J. FERGUSON.
J. N. CAMPBELL.
A. SENEVIRATNE.
H. HIGHFIELD.

May 9, 1903.

THE HON. MR. J. N. CAMPBELL TO THE SECRETARY TO THE COMMISSION ON THE INCIDENCE OF TAXATION.

SIR, Nuwara Eliya, April 20, 1903.

I RETURN the report of the Sub-Committee on the proposed Educational and Medical Cess. I have signed the report, but I recommend that the following words be inserted at the end of the second paragraph after the words "Incidence of Taxation," viz., "so far as they are applicable to Municipalities and Local Boards." The bulk of the extracts apply to districts outside Municipalities and Local Boards, and it is only the last paragraph but one which refers to them, though of course the idea of localities providing part of the cost of education runs through the whole of the extracts.

Your obedient Servant,
J. N. CAMPBELL.

APPENDIX XII.

THE EDUCATION OF IMMIGRANT TAMIL COOLY CHILDREN EMPLOYED ON ESTATES.

REPORT BY MR. S. M. BURROWS, C.C.S.

This question was raised by Mr. Schwann, M.P., in the House of Commons. He asserted that "children of Tamil labourers, who number a million souls, are devoid of facilities of education." He further asked for details regarding existing estate schools.

Sir Lepel Griffin, as Chairman of the East India Association, points out to the Secretary of State that only on 43 estates out of 1,857 is education provided, and that only 1,840 children are being educated in them; that the immigrant Tamils number nearly half a million; that fresh legislation is required "to raise this most deserving class from their present state of ignorance," and that by means of such legislation a separate school should be established on every estate, at which primary vernacular education would be procurable at suitable hours.

Sir M. Bhownaggree also appeals to the Secretary of State on the subject. He quotes the Director of Public Instruction to the effect that "there is hardly any adequate provision for the children of the estate cooly"; he admits the existence of some private schools on estates, but considers them hardly worthy of special mention. He urges that a school should be established on every estate, part of the cost being chargeable to the cooly parents. He refers to the state of affairs in British Guiana, but admits that the circumstances differ materially. He thinks that planters would not altogether oppose schools on estates if there were no interference with the working arrangements of the estate.

The first question to be considered is, To what extent is the case presented by the three gentlemen quoted a correct statement of facts?

Dealing first with figures, the following may be taken as approximately correct:—

The immigrant Tamil population employed on estates throughout Ceylon may be put at 406,821.

The number of boys of school-going age (which for the purposes of this report is placed at 6 to 12) which this population gives us is about 25,000.

The number of estates is about 1,857.

The number of registered schools is 43, of which two are Government, five are under private management, and 36 under missionary management.

The number of children being educated at these schools is 1,765, according to the returns for 1903, and of these 1,598 were boys. The enormous majority of these boys do not get beyond the second standard.

It would therefore look at first sight as though the advocates of the cause in England had a strong case.

The next question that arises is as to what is meant in this instance by the term "education." Sir L. Griffin and Sir M. Bhownaggree distinctly define it to mean primary vernacular education; and it may therefore be safely assumed that there is no question of the teaching of English; nor indeed of the teaching of girls, for that is a matter that will hardly enter the range of practical politics for some years to come; nor of the teaching of adults, for that must of necessity be a voluntary matter. Therefore, the sole question we are discussing is whether the Tamil immigrant boys of school-going age have sufficient facilities for learning the rudiments of Tamil reading and writing and of simple arithmetic.

The educational needs of a country or a community can best be ascertained by those who know that country or community intimately and endeavour to approach the subject impartially. It would be unreasonable to maintain that the ordinary Tamil cooly, the subject of this inquiry, has any present need for a higher class of education than that already detailed. The question of intellectual aspirations may be dismissed as irrelevant under the circumstances. It is, on the other hand, advisable that this cooly should be able to sign his name and recognize signatures, to read and write simple sentences in his mother tongue, and to do such arithmetic as is implied in the very simple accounts that come into his daily life—*e.g.*, his pay and his personal expenses.

But education is not entirely book-learning. It is advisable that the cooly should learn also certain lessons of discipline and obedience, of fair dealing, of equality before the law, and of freedom of contract. The combination of these two aspects of education may be held to fit him adequately to perform his duties as a citizen according to his sphere in life. By putting into honest and energetic practice the lessons so learnt he may rise in life, he may save and invest money and become a kangany or kanakkapulle; and it will then be a question whether he has facilities for raising the status of his family also by securing for them on reasonable terms a better education than he had himself.

If this attempt at definition may be taken as satisfactory, it remains to answer categorically the questions proposed to me by the Lieutenant-Governor in his letter of the 23rd May. The first is two-fold:—

(*a*) How far education is available to immigrant children on tea estates in Ceylon, and how far its want of progress is due to any defect in the type of school now provided?

Looking at education in its double aspect, it is beyond dispute that every cooly who comes to live and work on a tea estate is subjected to educational influences of a disciplinary kind. Figures will be given, in reply to question (*d*), to show that in the enormous majority of cases he arrives in the Island without any education whatever (using the word in its widest meaning). While not bound by any system of indenture, but remaining throughout a perfectly free agent, able to leave his employment and go where he pleases at a moment's notice, he comes at once under the direct influence of an European, and has to obey the rules of the estate if he is to obtain his food and his pay. He is nearly always treated fairly and justly, leads a happy and contented life, and returns to his native land (if he does not elect to settle here, as is often the case) a much more competent citizen than he left it.

As to the book-learning side of education, it has been admitted that *primâ facie* it would appear that an infinitesimally small number of boys is getting the education held to be requisite; and this in spite of fairly generous offers from Government and from missionary bodies. Government offers aid in the old-fashioned shape of payments for results. If a planter likes to start a school on the lines laid down in the Code for Aided Schools, he can eventually obtain a yearly grant, which, if the school is efficient, will go a considerable way towards meeting the yearly cost. The missionary offer is on the same lines—based on the Government aid obtainable, but involving religious instruction. During the early part of the year both offers have been emphasized and laid very clearly before all planters by means of special circulars; but so far the response has been comparatively small. This is due to various causes: (1) to obtain the grant the school must have a session of three hours (except in the case of boys over 11), and this seriously interferes with the wage-earning power of the children. The picking of tea-leaves is perhaps as easy and pleasant an occupation as a child can have. The question of turning out to work for the day is left entirely to the coolies themselves to decide. They work in gangs and family groups, chatting freely as they work. Any child can do the work (and earn fair pay) who can reach over the top of a tea bush. The climate is nearly always a healthy, sometimes an ideal, one. The child is thus a valuable asset to his parents without physical detriment to the child. In the days of coffee this was not so, and infanticide was incredibly common; it has become exceedingly rare under the changed circumstances of tea labour. To deprive the parents of this natural aid by a drastic measure of education would deal a serious blow at the labour supply, on which the prosperity of the island so largely depends, and would certainly reintroduce infanticide, which is hardly what English philanthropists would desire. It is this interference with labour hours that makes aided schools unpopular with the coolies; nor have they yet reached a stage of civilization which makes it necessary to treat them as English children are treated. Indeed, it must be refreshing to the philanthropist to know that their present condition is far healthier and happier (if less intellectually forcing) than that of a large majority of the children in England.

There are other minor reasons why the aided system works badly on estates; (2) the planter

has to bear heavy initial expenditure, and has to wait for a year or eighteen months before he gets any of it back in the shape of a grant; (3) the grant is rendered precarious by the possibility that a whole gang of coolies, including all the best boys, might unexpectedly give notice and depart just before the examination takes place; (4) Tamil schoolmasters suited for work in estate schools are very hard to get; (5) the planter has had no previous acquaintance with Government educational regulations, and finds them tedious and complicated.

Very little progress therefore can be expected so far as the Government offer is concerned, though that offer will always remain open, and such planters as are personally interested in the question, and will take the trouble to master the details, will continue to resort to it. The interesting correspondence, printed in pamphlet form by the Chairman of the Planters' Association, shows that in certain special cases the scheme works reasonably well.

We have to admit, then, that the case looks a bad one on paper, and that it further would look as if this were due, as the question suggests, to defects in the type of school provided. But the further question arises—Are matters really as bad as the returns hitherto available appear to show? Anyone who has travelled much among tea estates must have gathered that (1) a good deal of education goes on among the cooly population of which there are no returns or details available; and (2) that as soon as a cooly makes money and becomes a kangany (or head of a gang of coolies) he has the choice of many schools, within easy reach, to which he can and does send his boys, and where he can get for them not only an ordinary, but even an advanced education at extraordinarily low rates. It therefore seemed advisable to ascertain some reliable details on these two points. A circular* was sent to every planter on the subject, viz., to 1,320 estates. Answers were received from 725 estates, and the results are interesting:—

SUMMARY.

Average number of immigrant Tamil boys of school-going age	21,045
Boys who have already acquired the rudiments of education	7,721
Any sort of school or any arrangement for teaching whatsoever:—	
(*a*) Number of estates where teaching arrangements exist	409
(*b*) Number of estates taking advantage of schools in neighbourhood ...	119
(*c*) Number of estates *not* taking advantage of schools in the neighbourhood	89
(*d*) Number of estates in which *no* teaching whatever exists	145
Number of estates in which the principal kanganies send their children elsewhere to be educated	65
Total number of estates which sent in replies to date of closing register (3rd August, 1904)	725

It appears that the present state of affairs on tea estates is very different from that shown by the figures hitherto available. Out of the 16,572 boys of school-going age, no less than 5,940 are receiving or have recently received instruction and are literate. The interest of this discovery lies in the fact that a great deal of the instruction so imparted has been the outcome of self-help, the encouragement of which is a main object of all efficient, as opposed to *doctrinaire*, educational schemes. It may, of course, be objected that the education so imparted is too accidental and irregular to be worthy of the name; that because there is no Government inspection there is no certainty of uniformity of acquirement; and that the arrangements made being only voluntary and not compulsory or universal, there is no guarantee of continuity, no adequate safeguard against ignorance. But the answer to these objections is two-fold. In the first place, the education so imparted is so exactly what the immigrant cooly and his kanganies see to be necessary that they have gone out of their way to pay for and organize it entirely of their own accord and with little or no prompting from above. In the second place, to suppose that a completely developed English system is *ipso facto* applicable to all sorts and conditions of men in the East is to repeat a mistake that has been the cause of a great deal of mischief already. It will be many years before the ordinary cooly will require "Board Schools" on the English model. If we were now to provide such schools and compel his children to attend them (and without compulsion such schools could not be filled), he would simply give a month's notice to his employers and depart to his "Coast," and the ruin of the tea estates would be the immediate result of the experiment. Compulsory education is at present unknown in India; it is equally unknown in Ceylon, except when adopted voluntarily by the Village Communities; and it would be unjust and illogical to inflict it in Ceylon upon a small section of the population of India, who could so easily rid themselves of the nuisance by returning home. What the cooly does require is very much the sort of education already going on in the lines; and so we are brought towards an answer to the second question propounded by the Lieutenant-Governor, which is as follows:—

(*b*) What steps are most likely to secure the extension of education of a suitable kind among children of the same class?

Compulsory education is, as we have seen, logically and practically out of the question. Without compulsion no system of central Government schools or itinerating Government teachers would succeed, simply because the system is novel and repugnant to the coolies and their kanganies, and the children would never be sent. We may therefore leave on one side the difficult question, how such schools and teachers would have to be paid for, except to say that there are strong reasons against taxing the general revenue for the purpose, and the present is

* See Appendix.

hardly the time for laying additional burdens on the planters. Nor need we discuss at any length the physical difficulties of central Government (or aided) schools. The mountainous character of the country in which a large proportion of the tea estates lie would in most cases make it impossible for boys to attend a central school after their working hours without undue fatigue. It is clear then that no general scheme will succeed unless (1) it operates on the estate itself; (2) it meets with the good will of the cooly, kangany, and planter; (3) it does not interfere with the wage-earning power of the children. These three conditions would be best met, not by a brand-new Government system entailing endless friction and bringing infanticide and ruin in its train, but by wise and organized encouragement of existing efforts at self-help. What we want to ensure is that on every estate where there are ten boys or more of a school-going age there shall in the course of the year be a "lines-school" (if the sort of school already alluded to may be described by that name), which shall meet for a sufficient number of days to give those boys a fair chance of learning the rudiments of Tamil and arithmetic. It is obviously advisable to secure such encouragement first of all through the planters themselves and the Planters' Association. It is certain that a very large majority of planters would readily give such help as is required, would admit that the scheme is based on common sense, custom, and convenience, and that it is on the whole good for their coolies to have the opportunities thus offered. It is equally certain that the Planters' Association as a body would take action in the matter, if the suggestion were made to it, by sending a circular to each planter requesting him to encourage these "lines-schools" by giving both personal interest (*e.g.*, occasional visits, inquiries, &c.), and such supplementary financial assistance as the estate saw fit to offer, such as a bushel of rice or a few rupees per month while the teacher is at work. The circular might further contain a return for the planter to fill in by the end of the succeeding twelve months, giving such simple details about the school as are thought necessary. The Planters' Association would probably not object to show to Government both its proposed circular and the ultimate result of its inquiries. We should thus secure on almost every estate direct encouragement of elementary education through the agency that would cause the minimum of friction, on lines already existing and found effective. If the Planters' Association finds that there is still a *residuum* of planters who refuse to take action even to this safe and natural extent, it might see fit to report such cases to Government; and Government might be empowered by legislation to erect and start schools on or near such estates, to which the planter might be forced to contribute, without at the same time making the attendance compulsory. But such cases would, it may confidently be asserted, be exceedingly rare.

To sum up, then, the proposed scheme is:—

(1) To utilize existing materials and proceed on existing lines.
(2) To work through the planters and their Associations for the present instead of by direct Government interference.
(3) To ensure to the children of every estate of reasonable size the chance of obtaining an education appropriate to their wants during the course of the year.
(4) To await results.

This at least is an intelligible scheme, progressive but not revolutionary, probably acceptable to the labourers and their employers, and at least worth a trial. If it fails, more drastic measures can easily be devised.

The third question asked by the Lieutenant-Governor is as follows:—

(*c*) What other children of immigrant Indians there are in Ceylon which should be dealt with in somewhat the same way as those on tea estates?

It can be answered in a few words. The principal employers of such labour are the Public Works Department and Central Irrigation Department. Its coolies are of two kinds: (1) the pioneer force, under indenture; and (2) the road coolies. As to (1), the pioneer force has at present shrunk to very small dimensions, though an effort is being made to revive it; it would appear that there are only twenty-four children belonging to it. Clear regulations as to the education of these children are laid down in the rules for the force, and are sufficiently carried out. As to (2), the road coolies do not stand in the same relation to the Public Works Department as the estate coolies do to the planter. They really are in the hands of the overseer, who, if he gets into trouble and is dismissed, may or may not succeed in taking off his coolies with him. Lines are provided for them by Government, but they move from one set of lines to another as work demands; and they work in groups much smaller than the usual number of coolies on an estate, and much too small to provide the minimum number for a school. They are on a monthly agreement, and are no more 'indentured" than are estate labourers. They are under far less direct European supervision than estate coolies. But there is no reason why Government should not give the same encouragement to their education as the planter is to be asked to do; the Director of Public Works and the Director of Irrigation would co-operate so long as the teaching did not interfere with the hours of labour and was a voluntary matter. How many teachers would be required, and what amount of financial assistance would be necessary, would be a matter for correspondence between the Director of Public Works and the Colonial Secretary.

The fourth and concluding question is as follows:—

(*d*) What educational advantages are open to these children in India before or after their sojourn in Ceylon?

If a tree may be known by its fruits, these advantages are exceedingly meagre. Mr. Kingsford, then Chairman of the Planters' Association, dealt ably with the matter in the minute

he wrote as a member of the Commission on the Incidence of Taxation. He points out that our immigrant labour is recruited from five principal castes in Southern India, and that the literacy returns for those castes, as given in the latest Indian Census Report, are as follows:—

	Male literates as per 1,000.
Vellala	69
Kallan	109
Pallan	25
Pariah	10
Sykkali	1

It may be added to this that the labour is recruited chiefly from eight districts, for which the Indian literacy returns are as follows:—

—	Literates per 1,000 in 1891.	Literates per 1,000 in 1901.
Tinnevelly	173	161
Madura	139	127
Trichinopoly	129	113
Tanjore...	182	178
Padukottai	140	138
Salem	73	63
South Arcot	129	121
North Arcot	116	102

It is probably correct to say that, out of the eight districts named, our labour chiefly comes from the first four; and that by chance these happen to be districts where education has made more progress than in any other part of Southern India. But the figures given are only a very general guide, as they include all races. When we come to consider the literacy returns of Tamils in Ceylon, we find that in 1891 there were 255 literates per 1,000, and in 1901 there were 282 per 1,000, both figures being above the average of literacy in Portugal or among the coloured population of the United States. It is further pointed out by Mr. Kingsford that during the decade above referred to the average proportion of estate Tamils to the entire Tamil population has increased from 32 to 42 per cent., and credit must be given to the estate Tamil accordingly. It is perhaps as well to allow figures to speak for themselves instead of pressing them too far, specially when the actual figures wanted (*i.e.*, literacy returns of the estate Tamil population separately) are not available, but it may at least be advanced as a general proposition that the figures point to an inference decidedly favourable to Ceylon.

In reply to paragraph 4 of the Lieutenant-Governor's letter, it will be apparent that the present scheme seeks to fulfil a part of Mr. Harward's proposal, but does not go so far. It attempts to ensure "the establishment of a special class of schools for the estate cooly," but it does not for the present insist on "a syllabus framed to meet the wants of his children." It may be questioned whether the time has yet come for so definite a thing as a syllabus; and, indeed, whether the idea of definite, immutable syllabuses is not rather losing ground in England and other progressive countries. The spirit of the recently published English Code for 1904 appears to be to adapt educational requirements to local circumstances. In that spirit, too, the present scheme is suggested.

The report of the Sub-Committee of the Commission on the Incidence of Taxation has no practical bearing on the present question.

S. M. BURROWS.

APPENDIX.

Copy of Circular issued to Planters.

(Circular.)

DEAR SIR, Public Instruction Office, Colombo, May 28, 1904.

I HAVE the honour to inform you that I have been entrusted by Government with the task of reporting upon the educational facilities afforded to immigrant Tamil labourers on estates. As there is reason to believe that the returns at present available, and freely quoted, in connection with this subject are very misleading and untrustworthy, may I venture to ask you to help me by supplying me with answers to the following questions:—

(1) What do you estimate to be the average number of immigrant Tamil *boys* on your estate of the school-going age (say between 6 and 12)?

(2) How many of these boys have already acquired the rudiments of education, say elementary reading and writing and simple arithmetic, whether according to English or native methods?

(3) Is there any sort of school, or any arrangement for teaching whatsoever, on or near your estate; and, if so, how many boys of your estate take advantage of it?

(4) Do your principal kanganies send their boys elsewhere to be educated; and, if so, how many boys are so sent?

With apologies for troubling you,

I am, &c.,
S. M. BURROWS.

No. 2.

MR. LYTTELTON to LIEUTENANT-GOVERNOR ASHMORE.

SIR, Downing Street, November 9, 1905.

I HAVE the honour to acknowledge the receipt of your despatch of the 19th of September* forwarding copies of the report of the Commission on Elementary Education in Ceylon.

2. I will await the Governor's recommendations on this subject.

I have, &c.,
ALFRED LYTTELTON.

No. 3.

GOVERNOR SIR H. A. BLAKE to THE EARL OF ELGIN.

(Received January 27, 1906.)

MY LORD, The King's Pavilion, Kandy, Ceylon, January 5, 1906.

I HAVE the honour to acknowledge the receipt of Mr. Secretary Lyttelton's despatch of 9th November† requesting my recommendations on the subject of compulsory elementary education in Ceylon.

2. The subject has been very fully discussed in the report of the Commission on Elementary Education, and means have been suggested by which compulsory education may be enforced.

3. In considering the question, I may point out that local conditions in Ceylon may be divided into three categories:—

(*a*) Municipal Councils and Local Boards having a strong electorate organization and possessing rating and taxing powers;

(*b*) Private properties employing large labour forces, usually Tamils, over which control, more or less complete, is exercised by the owners;

(*c*) The remainder of the Colony consisting of imperfectly organized agricultural communities in districts sometimes densely, sometimes sparsely, populated.

4. As regards (*a*), it has already been decided to provide for compulsory vernacular education, the municipal bodies providing a portion of the cost. A Bill on the subject has been drafted and will be laid before the Legislature at an early date.

As regards (*b*), the report of the Commission shows the position. They recom-

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* No. 1. † No. 2.

mend a small instalment of reform, and their reasons for going slowly commend themselves to me. I am prepared to accept their views on this matter.

As regards (*c*), the Commission propose the creation of District and Divisional Education Committees, whose duty it would be to make the necessary provision for establishing schools, and who would advise the Government as to the manner in which its aid should be dispensed. These Committees would presumably decide where the building of Government Schools was necessary.

5. It will be observed in paragraph 21 that the Wesleyan Synod and two American missionaries engaged in the work of education advise that all compulsory education shall be purely secular, while the Papal delegate demands, and the Church of England Bishop of Colombo advises that, even where the conscience clause is adopted in an Aided School, compulsory attendance should not be insisted upon in cases where a minority exists so small as not to justify the establishment of a Government School, and yet having strong objection to attendance at a school under the management of another denomination. Personally, I cannot appreciate the objection where a conscience clause is adopted, but I should be prepared to yield to the views expressed rather than adopt stringent measures at the cost of the antagonism of two bodies who have done so much for education in Ceylon.

6. The Committee propose that the District and Divisional Committees shall be endowed by making over to them that portion of the Thoroughfare Tax not expended upon district roads by the local road authorities, and it is further suggested that a further sum to meet the increased expenses shall be provided by an additional duty upon certain commodities. This portion of the recommendation requires further consideration, but I am prepared to accede to the suggestion of the surrender of the portion of the Thoroughfare Tax now paid into the Public Exchequer, for a local revenue is essential to any scheme of local management, and this, the only local tax outside the towns, may be surrendered with most advantage, as its immediate return to those who have paid it in the form of a subsidy to their schools is, for obvious reasons, highly expedient. In the case of estate coolies this tax has, in the interest of their employers, not been levied, so that it can be pointed out to the employer of the cooly that he may fairly undertake within his estate the burden that in other places is to be defrayed from its funds.

7. But, granting the adoption of the principle, the system must be introduced gradually, for some time must elapse before a sufficient number of teachers can be trained. In this connection, I concur with the recommendations embodied in paragraph 44, and am already considering the addition to the training college of an institution for training female teachers.

8. My recommendations then are:—

(*a*) that means be taken to create District and Divisional Education Committees;

(*b*) That compulsory attendance be adopted in districts to be proclaimed by the Governor in Council;

(*c*) that the necessary expansion of the training college and creation of an institution for the training of female teachers be undertaken;

(*d*) that the Thoroughfare Tax now paid into the public revenue be handed over to local education authorities in the proclaimed districts where such authorities have been created and compulsory vernacular education has been adopted;

(*e*) that such further funds as may be necessary shall be supplied in such manner as may hereafter be determined.

9. In considering the system to be adopted, I desire to incorporate such elementary science as will enable the pupils to appreciate sound principles of agriculture. To this end, school gardens are being encouraged and extended. It is also my desire by technical instruction to save from extinction, and, if possible, restore village industries now rapidly disappearing to the detriment of the character and decrease in the prosperity of the people. This can only be hoped for by sustained effort and adhesion to a clearly defined system under which necessary instruction will be provided and self-help encouraged. At the present moment the interest of a large number has been aroused in agricultural improvement, and the spirit

of inquiry is becoming active; the time is, therefore, favourable for the introduction of a system that will ultimately develop the intelligence of the rising generation in a manner suitable to their surroundings and opportunities.

10. It is roughly estimated that the increased cost of education within the next 10 years will be from Rs. 1,000,000 to Rs. 1,700,000. The larger sum added to the estimated cost of education for the coming year would be Rs. 2,828,000 within 10 years, or 79 cents per head of the population. For the immediate future, the amount of the Thoroughfare Tax proposed to be surrendered (between Rs. 300,000 and Rs. 400,000) would probably go a long way towards meeting the additional expenditure.

I have, &c.,
HENRY A. BLAKE,
Governor, &c.

No. 4.

THE EARL OF ELGIN to GOVERNOR SIR H. A. BLAKE.

SIR, Downing Street, March 1, 1906.

I HAVE had under my consideration the report of the Commission on Elementary Education in Ceylon and your despatch of the 5th of January,* in which you submit your recommendations as to the action to be taken to stimulate the progress of such education in the Colony.

2. I approve the policy which you outline, and I trust that it will commend itself to the Legislature and people of Ceylon.

3. As regards education in areas under the control of Municipal Councils and Local Boards, you state that it has been decided to provide for compulsory vernacular education—the municipal bodies providing a portion of the cost—and that a Bill on the subject has been drafted and will be submitted to the Legislature at an early date. You do not forward a copy of the draft, but from the Ceylon Government Gazette of the 17th of November, I observe that in the form there published its provisions will apply only to such areas as may be proclaimed by the Governor in Council, and that when an area has been proclaimed, the local body will have the option of putting the provisions into force or not.

4. I presume that you are satisfied that local bodies will, under such an Ordinance, carry out the work of making proper provision for educational facilities which is assigned to them. If experience should unfortunately show that some of the Councils are not sufficiently alive to their responsibilities, the Ordinance would have to be amended as suggested by the Commission in the 40th paragraph of their report; but I hope that, whether such an amendment is made or not, the local bodies will cordially co-operate with the Government in the very desirable work of ensuring that, in all parts of the Island, where the population is sufficiently dense to render it possible, all male children at any rate shall have an opportunity of obtaining an elementary vernacular education of a type suitable to a population mainly agricultural.

5. With regard to the country districts I await your detailed recommendations for carrying out the proposals summarised in paragraph 8 of your despatch, and especially on the subject of the financial arrangements involved. I cordially agree with your view that the education to be given should not be purely literary, but should be definitely designed to give a certain amount of elementary scientific and technical training.

6. As you are aware, the question of the education of the children of coolies employed on estates (who are mainly not natives of Ceylon, but temporary immigrants from India) has attracted in this country more public attention than has been given to the larger, and to Ceylon more important, question of the education of the native

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* No. 2.

community of the Colony. The Commission recommend that the planter should be required to provide simple instruction for the children on his estate and that if after a reasonable time he fails to do so the Government should step in and establish a school for the estate or group of estates in question, recovering the cost of construction and maintenance from the estate or estates by means of a rate. They also recommend that the lines schools should be inspected by Government officers and that from every estate quarterly returns should be sent to the Department of Public Instruction showing the number of children of school-going age on the estate and their attendance at school, but that a hard and fast system of compulsory school attendance should not be insisted upon.

7. With their recommendations on this subject I, like you, agree and I presume that the legislative provisions suggested in the 55th paragraph of their report will be incorporated in the general measure for dealing with the country districts.

8. Finally, I desire to express my appreciation of the care with which the members of the Education Commission have performed their work, and to thank them for the full and valuable report which they have submitted.

I have, &c.,
ELGIN.

MEMORANDUM

ON THE

MATERIAL CONDITION

OF THE

PEOPLE OF THE BOMBAY PRESIDENCY

1892-1901.

LIBRARY
OF THE
BOMBAY
BRANCH
OF THE
ROYAL ASIATIC SOCIETY.

Bombay:
PRINTED AT THE GOVERNMENT CENTRAL PRESS.

1902.

MEMORANDUM ON THE MATERIAL CONDITION OF THE PEOPLE OF THE BOMBAY PRESIDENCY, 1892—1901.

1. The decade ending 1891 was a period of considerable prosperity and enabled the tracts in the Deccan and Karnátak, which had been afflicted by the famine of 1876-77, to recover to a great extent from its effects, while the provinces of Sind and Gujarát continued to maintain a steady progress. Save for a single season of scarcity in a limited area in the Karnátak, the condition of the whole Presidency continued prosperous until the autumn of the year 1896. From that point there has occurred a succession of misfortunes such as is unparalleled in authentic history in India.

2. In September 1896 an epidemic of plague began in the city of Bombay and from that focus gradually spread throughout the Presidency and finally reached the other provinces of India. At the same time the summer harvest failed and caused the famine of 1896-97. The drought was aggravated by the failure of the winter rains also and as shown in the margin the disturbance of climatic conditions thus begun has continued to operate to the present day.

1896.	Summer rains failed in East Deccan and Karnátak.
	Winter rains failed in Deccan and Karnátak.
1897.	Summer rains deficient in three districts in Deccan.
	Winter rains short.
1898.	Summer rains insufficient in parts of Deccan and Karnátak.
	Winter rains moderate.
1899.	Summer rains failed in Deccan and Gujarát.
	Winter rains failed everywhere.
1900.	Summer rains began late.
	Winter rains insufficient everywhere.
1901.	Summer rains began late and ceased early.
	Winter rains almost wholly failed in Gujarát and deficient everywhere.

3. The remarkable feature in the drought of recent years has been the enormous area simultaneously affected in adjacent tracts and provinces and the extension of distress to the province of Gujarát. This province had enjoyed a succession of favourable seasons unbroken since 1825 and was believed to be immune from the possibility of famine. The people were soft and well-fed, neither inured to hardship nor accustomed to make provision against the vicissitudes of seasons common to the less favoured Deccan tracts. Disasters have accordingly fallen upon them with intensified force.

The recent famines are in the marginal statement compared with that of 1876-77 in respect of areas affected and the maximum numbers of persons relieved.

	1876-77.		1896-97.		1899-1900.	
	Affected area in square miles.	Maximum daily average number relieved.	Affected area in square miles.	Maximum daily average number relieved.	Affected area in square miles.	Maximum daily average number relieved.
Gujarát.						
Ahmadabad	...	...	...	...	3,819	192,909
Kaira	...	...	...	...	1,596	223,872
Panch Mahâls	...	...	...	...	1,606	124,173
Broach	...	...	...	...	1,463	123,247
Surat	...	...	...	...	1,551	35,951
Deccan.						
Khándesh	5,500	11,455	10,700 (1,700 specially).	36,560	10,454	270,523
Násik	2,000	24,688	5,817	35,772	5,557	105,664
Ahmednagar	5,650	50,940	6,645	109,829	6,645	269,415
Poona	2,500	69,791	5,349 (2,987 specially.)	42,075	5,241	96,190
Sholâpur	4,496	95,617	4,542	132,549	4,542	171,335
Sátára	2,632	67,515	4,825	31,361	4,622	57,768
Karnátak.						
Belgaum	2,660	59,731	1,642	20,083	1,642	4,677
Bijápur	5,695	165,054	5,627	134,197	3,100	24,593
Dhárwár	3,000	73,523	857	4,444	...	...
Konkan.						
Thána	...	...	...	...	345	10,301
Kolába	...	...	...	2,139	...	...
Sind.						
Thar and Párkar	...	...	...	...	8,482	10,794
Total ...	34,133	513,878*	46,004	458,713*	60,665	1,547,223*

* These figures represent the maximum of the whole area in any one month, not the sum of the District maxima which occurred in different months.

4. The increase in the areas affected is obviously due to the more widespread failure of the rains, but the reason for the increase in the proportion of the numbers of persons who sought relief from the State within the affected areas deserves some examination. The Famine Commission which sat in 1898 expressed the opinion that "of late years owing to the high prices there has been a considerable increase in the incomes of the land-holding and cultivating classes," and that "their standard of comfort and of expenditure has also risen"; that during the famine of 1896-97 "these classes as a rule have, therefore, shown greater power of resisting famine either by drawing on savings or by borrowing, or by reduction of expenditure than in any previous period of scarcity of like severity"; but that in regard to the "great class of day labourers and the least skilled of the artisans," "the experience of the recent famine fails to suggest that this section of the community has shown any larger command of resources or any increased power of resistance." It may, however, be observed that in no country in the world would it be possible for the lower classes to subsist for twelve months continuously on their accumulated resources. As in England and elsewhere labourers are dependent for their food on what they can earn from week to week.

5. Since the terrible experience of the famine of 1876-77 when it was found impossible for want of communications and on account of the loss of cattle to convey grain into the inaccessible hills and valleys of the Deccan and Karnátak, railways specially for protection against famine have been extended throughout the Presidency, and (exclusive of Sind) now cover 3,244 miles against 1,062 miles in 1877.

There has in consequence at no period in the famine been a dearth of stocks of grain. The problem has always been to supply employment for the labourers by which they may earn the money to purchase the grain. This fact throws light on the cause of the high percentage of persons who sought relief when the famine covered the country. A complete destruction of crops may occur in a small local area, without any demand for the institution of State Relief Works, for the persons affected are able to support themselves by the agricultural employment offered in the surrounding villages. So also when one or two districts suffer, the great majority of migratory labourers disperse themselves in neighbouring tracts, and leave a moderate proportion of the inhabitants to the care of the State. But when as in 1899-1900 there is no country within reach which has escaped devastation and is able to supply work to immigrants, the whole of the labouring population and a proportion of the smaller peasantry must inevitably be driven to the Public Relief Works. This is the main factor of the situation, and it is unnecessary in this connection to discuss the contentious questions of the increase of agricultural indebtedness or the demoralization which no longer regards as reprehensible the acceptance of charity from the State.

6. *Plague.*—The plague was rapidly communicated from Bombay to Karáchi by sea, and thence spread to Hyderabad and Sukkur and the other principal towns of Sind. At the same time it reached Poona and the Deccan and somewhat later the Karnátak, where in the feverish districts of Dhárwár and Belgaum it found a congenial nidus. Its extension to Gujarát took place later and that province and Khándesh escaped lightly. The registered mortality is shown in the margin, but in the opinion of the Plague Commission, probably half as many more deaths occurred from the disease without being correctly registered.

Year.	Total number of Towns and Villages infected.	Total number of deaths from plague.
1896	48	2,086
1897	912	46,944
1898	1,188	86,191
1899	2,256	96,596
1900	587	33,196
1901	1,571	128,259

[The mortality thus stated may perhaps seem but a slight percentage of the total death rate of the population as given in the margin; but the moral and economic effects of the epidemic cannot be measured in figures.] Before the power of its insidious infection was recognised the people were unable to comprehend the value of the measures of segregation, disinfection and medical treatment enforced by Government and in their fear of domiciliary interference moved restlessly from place to place to conceal their sick.

Year.	Total mortality from all causes (in thousands)	Total mortality from plague (in thousands.)	Percentage of column 3 on column 2.
1	2	3	4
1896	5,96	2	0·34
1897	7,50	47	6·27
1898	5,49	86	15·66
1899	6,72	96	14·28
1900	13.19	33	2·50
1901	6,86	1,28	18·66

Now, however, they fully recognise and themselves enforce segregation and removal from the infected locality as necessary measures, and villages and even cities are at the height of an epidemic almost deserted, while the population camp out in the surrounding fields and open country. [The cost of providing temporary huts and shelters, the disorganisation of business, and in many cases the loss of their customary means of livelihood have constituted a severe drain on the resources of all persons of moderate means and must have frequently reduced the struggling shop-keeper and artisan to indigence. If to the distress arising from this cause be added the sickness and mortality resulting from the unwonted exposure to the inclemencies of the weather during the winter and rainy seasons when the epidemics increase their intensity, with the terror of the mysterious strokes of the plague itself overshadowing all, the period of misery and desolation through which this Presidency has been passing may faintly be imagined.]

[7. Under the stress of these calamities the population recorded at the Census taken on the 1st March 1901 has receded from 18,834,235 in 1891 to 18,515,587.

The Native States of Gujarát and the Deccan having suffered in the same measure as the adjacent British districts, their population also has decreased from 8,082,107 to 6,908,648. These decreases are estimated to represent a reduction in the rate of births and an abnormal mortality, amounting in British territory to 2½ millions, and in Native States to 2 millions.]

[8. Excluding Native States and Bombay City, we find the population is divided into the following classes :—

	Population.		Percentage.	
	1891.	1901.	1891.	1901.
1. Agricultural	10,951,000	10,991,000	60·7	61·9
2. Industrial	3,730,000	3,149,000	20·6	17·7
3. Commercial	607,000	490,000	3·3	2·8
4. Professional	373,000	277,000	2·0	1·6
5. Non-agricultural labourers	630,000	1,078,000	3·5	6·1
6. Others	1,744,000	1,754,000	9·9	9·9

The variations which have occurred since the last Census are chiefly due to vagaries in classification. For example, the decrease of 580,000 in the indus-

trial class is chiefly due to a mistake in the Census of 1891 by which in Sind all cultivators who personally disposed of their produce were registered as industrial. The decrease in the commercial population by 117,000 or from 3·3 to 2·8 per cent. is in part due to the transfer of 63,000 grocers to the head industrial, in part to the decreases (shown in the margin) in callings which have been superseded by the Railway.

Cart owners ...	10,000
Drivers	16,000
Camel drivers ...	11,000

Similarly the decrease in learned and artistic professions of 96,000 from 2·0 to 1·6 per cent. does not represent so complete a retrogression in civilization, for the total numbers supported by Medicine, Law and Literature have in fact increased. But under this head are included religious mendicants who have decreased by 91,000, possibly owing to the contraction of alms-giving during the famine or to the decline of the influence of their order.

	1891.	1901.
Medicine ...	22,858	24,692
Law	18,384	25,368
Literature ...	31,294	45,712

9. The most important head of these divisions is the agricultural and it deserves special examination owing to the conclusions at which the Superintendent of Census has arrived that—

(1) "The agricultural occupations of the British districts show a remarkable increase in the number of the population supported by them," and

(2) "The depression in other occupational means of earning a livelihood must be mainly responsible for the increase of 1,158,000 in the number of agricultural labourers."

As to the first point, the figures in the margin show that agricultural occupations now support 40,000 persons more than in 1891.

1891.	1901.	Increase.	Percentage of Total Population.	
			1891.	1901.
10,951,000	10,991,000	+40,000	60·7	61·9

With a reduction of 1·7 per cent. in the general population in British territory there should have occurred a decrease of 186,000. It is suggested that the difference of 226,000 is due to the concentration on agriculture of persons driven from industrial occupations.

This result would be specially surprising at a period when agriculture is suffering from intense depression. An examination, however, of the figures by provinces explains the situation. In Sind alone has there been a substantial increase among agriculturists. This increase of 850,000 persons is in part due to the wrong classification of some 390,000 persons, as above explained, and is in part the result of the development of the irrigational resources of the river Indus. In the Presidency proper, on the other hand, there has actually been a decrease of 810,000 persons, and the percentage there has fallen from 65·2 to 62·4. As was therefore to be expected, there has been in the Presidency proper no movement from industrial to agricultural occupations, but a slight tendency to the abandonment of agriculture.

	Agricultural Population.		Increase or Decrease.
	1891.	1901.	
Gujarát	1,900,320	1,544,429	−355,891
Deccan	3,993,210	3,600,688	−392,522
Karnátak	1,904,964	1,784,143	−120,821
Konkan	2,090,765	2,149,672	+58,907
Sind	1,061,788	1,912,233	+850,445
Total ...	10,951,047	10,991,165	+40,118

10. The second conclusion is based on the marginal figures, and the most obvious explanation of the concurrent decrease amongst landholders and increase amongst labourers would be degradation from the superior to the inferior class. The loss of their interests in the land by over a million landholders and tenants would be a most serious catastrophe, but fortunately a closer examination of the figures conclusively shows that no such inference is sustainable.

	1891.	1901.
Landholders and tenants ...	8,943,000	7,815,000
Agricultural labourers ...	1,979,000	3,137,000

Here again it is necessary to separate the figures for Sind. Sind with its harvests safeguarded by the river Indus has prospered under the influence of the famine prices prevailing. Its total population has increased by 12 per cent., from 2,867,000 to 3,211,000, and the number of estates or holdings by 20 per cent., from 104,000 to 121,000. The class of small peasant proprietor in particular has been rising from the status of tenant-at-will, but it is evident that the Census enumerators have experienced much difficulty in distinguishing these classes from the agricultural labourer hired for a season.

In 1891 the Census recorded in Sind 989,000 landholders and tenants and only 67,000 labourers; in 1901 landholders and tenants have fallen to 622,000 while labourers have increased to 1,283,000.

With the increase in holdings the 989,000 landholders should have increased to 1,200,000, and it is probable that a half of the 1,216,000 additional labourers represent those entered in the last Census as tenants. In any case this increase of 1,216,000 labourers in a province which in no way suffered from the famine, more than accounts for the 1,158,000 persons, who might appear to have been reduced from the position of landholders to that of labourers.

If Sind be omitted from consideration, we have in the Presidency proper a decrease of 761,000 landholders and 58,000 labourers, while in accordance with the general reductions of population in each province, the total reduction among landholders should have amounted to 334,000 and among labourers to 80,000.

	1891.	1901.
Landholders and tenants ...	7,954,000	7,193,000
Labourers	1,912,000	1,854,000

We find then that in the tracts affected by the famine there has been no increase of agricultural labourers and that, therefore, there is no foundation for the conclusion that such increase was due to the depression in other occupations. Amongst the landholders, however, there has been an excessive decrease of some 5 per cent. The fate of the 400,000 persons represented by this decrease is wholly a matter of surmise. It is probable that the famine mortality was greater amongst the classes connected with the land than in the cities and that the proportion of deaths above calculated is too small. It is possible, therefore, that the ranks of the labourers thus further depleted have been recruited from their superiors. But again, it is possible that a part may be included under the heading Indefinite and Independent occupations which accounts for 458,000 persons. As an instance of the vagaries of the enumeration, it may be noted that in Gujarát, a province where tenancies are a common form of tenure, the half million tenants registered in 1891 have been reduced to 500. The number of "occupants" has remained unchanged, and it is probable that a considerable proportion of the tenants have been wrongly classified as labourers. On the insecure foundation of these figures no conclusion of any value can be based.

12. *General labourers.*—The number which was 630,000 or 3·5 per cent. of the population, is now 1,078,000 or 6·1 per cent. The increase is diffused over the whole Presidency, and seeing that in the 11 chief towns, excluding Bombay City, the population has increased by 10 per cent., and that the total population in towns has increased from 17 to 19 per cent., it is not surprising to find an increase in ordinary unskilled labour, for which such towns create a demand. Their numbers have possibly been swollen by the inclusion, to some extent, of

factory workers, who are believed by the Census Authorities to have, in some cases, escaped enumeration in their special class, and the decline in small industries noted below is probably also responsible for a share.

13. *Agricultural produce.*—The abnormal character of the seasons in the last decade has necessarily influenced the character of the produce grown. Broadly speaking, we find that in the first years of favourable harvests, there was a tendency to the substitution in place of food-grains, of oil-seeds, cotton and other non-food crops, which are chiefly destined for the foreign market, and which, as a rule, command higher profits; but with the period of drought this tendency was abruptly checked, and it became necessary to replenish the exhausted stocks of grain for internal consumption. The statistics of the three years, 1891-92, 1895-96 and 1900-01, afford a clear illustration of these variations:—

Class of Crop.	Acres under each crop (in thousands).			Percentage on total cropped area.		
	1891-92.	1895-96.	1900-1901.	1891-92.	1895-96	1900-1901.
1. Cereals and pulses ...	22,891	21,863	21,015	81·7	78·6	82·5
2. Other food crops	224	197	211	0·8	0·8	0·9
3. Sugar	78	75	41	0·28	0·27	0·16
4. Oilseeds	1,808	2,321	1,416	6·5	8·3	5·5
5. Fibres (cotton)	2,622	2,832	2,369	9·4	10·2	9·3
6. Other non-food crops ...	370	498	416	1·3	1·8	1·6
Total ...	27,933	27,786	25,468	...	...	...

The effect of the drought is shown in the decline in every group, but the actual decrease has taken place almost wholly in produce destined for export. This will be clear if wheat, which is grown principally for the foreign market, be deducted from the cereals and pulses, and joined to the oil-seeds and cotton. In 1895-96 the area under wheat was 2,100,000 acres, and in 1900-01 was 1,400,000 acres. Of the total decrease of 2·3 millions of acres 2·15 millions fall under the category of surplus exportable produce.

The proportion of land protected by irrigation in each province is shown in the margin. In the Presidency proper there is little demand for irrigation except when the rains fail, and since, unlike the snow-clad Himalayas, the Vindhyas and the Sahyádris are unable to provide a perennial flood of melted snow, a failure of the rains checks the supply in proportion as the demand grows more urgent. For this and other reasons the extension of canals and other large irrigational projects in the past years of prosperous seasons has been slow, but with the stimulus of the recent years of drought, is likely to be now pushed on with greater rapidity. Wells, however, which are more secure from the effects of a season of drought, have risen in number by some 40 per cent., from 173,000 in 1891-92 to 242,000 in 1901-02, and are largely used for the growth of valuable garden produce.

Province.	Percentage of area protected by irrigation to total cultivated area.
Gujarát... ...	4·3
Deccan... ...	6·3
Karnátak ...	2·8
Konkan... ...	6·5
Total ...	5·1
Sind	87·2
Grand Total ...	14·2

In Sind the capital expenditure on canals has increased from 119 lákhs at the end of 1890-91 to 239 lákhs at the end of 1900-01 and great progress has been made both in protection against the floods of the Indus and in the improvement of old canals and the addition of new canals; one canal now under construction, the Jámráo, which when completed is estimated to command 822,000 acres, having irrigated 183,000 acres in 1900-01, the first year of its working.

14. *Distribution of agricultural produce.*—There is no indication of any permanent change in the distribution of agricultural produce. In the years

since 1897 immense quantities of food-grains, millets, wheat and rice have been attracted to the famine-stricken portions of the Presidency from every part of India and from Burma. In the 12 months from August 1899 to July 1900, Gujarát and the Deccan, which ordinarily export 87,000 tons of food-grains in addition to oil-seeds and cotton, imported 687,000 tons of food-grains.

Facilities for the distribution of trade have been largely increased during the decade. In 1897 the Tápti-Valley Railway was opened with a length of 159 miles, and, traversing the wild but rich tracts of Khándesh, forms a link between the trunk lines of the G. I. P. and the B. B. & C. I. Railways. In 1899 the eastern parts of Khándesh suffered from drought, while the forests in the west possessed an abundant supply of grass. The new line at once justified its existence both by pouring grain into the interior, which would otherwise have been almost inaccessible, and by removing stores of fodder, which would have wasted in the forests to the starving cattle of Gujarát.

In Sind the construction of the Hyderabad-Rohri line (186 miles) in 1898 both serves strategic purposes, and opens up the left bank of the river Indus, while the linking of the Hyderabad-Jodhpur line (310 miles) across the sand hills of the Desert has facilitated immigration into a fertile province whose chief complaint is the want of agricultural labour. It may be added that with the completion in 1901 of the magnificent bridge across the Indus at Hyderabad, this line should in the future prove of great value to the port of Karáchi.

15. *Sufficiency of the food supply.*—In a consideration of the food-supply of this Presidency, it is necessary to take into account not merely the outturn of foodgrains, but also the products of milk and the supplies of fish and meat.

Along the entire coast line of 600 miles and throughout Sind, fish forms an important staple of diet to six millions of people or one-third of the population of the Presidency; the Musalman population numbering 2½ millions in Sind are large consumers of meat, and in the Presidency 11,00,000 Musalmans and 33,00,000 Aborigines and low class Hindus also eat meat when obtainable. For several months the aboriginal tribes also live on the edible roots and fruits which the forests produce in abundance. Everywhere, but particularly in Sind and in Gujarát, where great quantities of milch cattle are kept, milk, and the products of milk are a most valuable adjunct; the terrible mortality of cattle in Gujarát in 1899-1900 has greatly reduced this resource of the people, but it is hoped for a time only.

For the purpose of the Famine Commission of 1898, the following estimate was made of the outturn and consumption of foodgrains in 1894-1895 and 1895-1896 on the assumption that grain was the sole means of sustenance of the people. An allowance of 6¼ maunds per head per annum was made, which is half a maund in excess of the rate taken in the report of the Famine Commission of 1880. The average outturn of these two years may be taken as the normal outturn previous to the famine.

Figures in Thousands.

Province.	Population.	Food crop area (cereals and pulses).	Outturn of Food.	Area under other crops.	Ordinary Consumption.					Surplus.
					Food.	Seed.	Cattle food.	Wastage.	Total.	
1	2	3	4	5	6	7	8	9	10	11
		Acres.	Tons.	Acres.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Gujarát	3,098	27,00	9,41	8,58	7,02	26	48	47	8,23	1,18
Deccan	6,237	1,09,85	23,12	27,24	13,86	63	1,96	1,16	17,61	5,51
Karnátak	2,861	50,10	12,15	16,56	6,39	40	90	61	8,30	3,85
Konkan	2,967	17,22	7,86	1,77	6,60	34	31	39	7,64	22
Total ...	15,163	2,04,17	52,54	54,15	33,87	1,63	3,65	2,63	41,78	10,76
Sind	2,872	28,07	8,38	6,63	6,41	75	50	42	8,08	30
Grand Total ...	18,035	2,32,24	60,92	60,78	40,28	2,38	4,15	3,05	49,86	11,06

It is not suggested that this represents the present actual outturn. During the last five years, for want of rain large areas of land have remained uncultivated, and over yet larger areas the crops sown either failed to come to maturity or produced a scanty return. It is impossible yet to gauge the permanent results of the succession of bad seasons. It is possible that the productivity of the people may have suffered a serious set-back owing to their losses in cattle and the depletion of their other resources, but until we have seen the result of a few normal seasons the point must remain purely conjectural. For the purpose of comparison, however, a statement is subjoined of the estimate of outturn on the reduced area cultivated in the unfavourable season of 1900-1901.

Figures in thousands.

Province.	Population.	Food crop area (cereals and pulses)*	Outturn of food.	Area under other crops.	Consumption.					Surplus or deficit.
					Food.	Seed.	Cattle food.	Wastage.	Total.	
		Acres.	Tons.	Acres.	Tons.	Tons.	Tons.	Tons	Tons.	Tons.
Gujarát	27,02	20,08	3,74	5,46	6,03	20	36	19	6,78	—3,04
Deccan	59,44	95,27	8,48	19,48	13,27	54	1,70	42	15,93	—7,45
Karnátak	28,43	49,61	4,39	12,46	6,35	31	89	22	7,77	—3,38
Konkan*	30,39	16,86	5,92	1,59	6,78	29	30	30	7,67	—1,75
Total ...	1,45,28	1,81,82	22,53	38,99	32,43	1,34	3,25	1,13	38,15	—15,62
Sind	32,11	33,99	10,24	6,22	7,17	90	61	51	9,19	+1,05
Grand Total ...	1,77,39	2,15,81	32,77	45,21	39,60	2,24	3,86	1,64	47,34	—14,57

* Includes 566,000 acres under cereals and pulses and 68,000 under other crops for the villages in Ratnágiri which do not usually furnish agricultural statistics.

The Famine Commission of 1898 were of opinion on the two-fold ground of the rise in prices and the small proportion of cereals and pulses, which are entered in the Railway returns of export, that the estimates of outturn of this Presidency were excessive.

It is to be remembered, however, that where the practice of storage of reserves of grain in pits prevails, a very large wastage of old grain occurs, which has to be annually replenished, and that grain is exported from the ports of Gujarát which finds no place in the Railway returns. Since these estimates were based on a series of careful experiments conducted in the fields, sufficient reason for their modification does not appear to have been produced.

Put briefly, the general conclusion is that in an ordinary year the people can afford to keep 20 per cent. of the land under other than food crops, and that the remaining 80 per cent. will produce a sufficient supply of grain alone for their sustenance for 15 months, even without assistance from fish, flesh or milk.

16. *Development of industries.*—The principal handicraft in Bombay, as elsewhere in India, is hand-loom weaving. This industry which is shown by ancient records to have always been the first to feel the effects of famine has been severely tried during recent years. Efforts have been made by the State to provide weavers with work in their own craft, but in spite of these efforts large numbers have been compelled to resort to the ordinary State Relief Works and earn their living by manual toil.

Owing to the former practice of combining in the Census returns, hand-workers with the population supported by the power industries, it is impossible to ascertain the actual decrease in the number of hand-workers.

Textile industries as a whole (including in this term both the power and hand-looms of silk and cotton) have maintained their position in spite of numerous difficulties and now support 635,000 persons or 2,000 more than in 1891.

13

Year.	Number of Mills.	Approximate capital invested Rupees.	Number of Hands.	Number of Looms.	Number of Spindles.
			000 omitted.		
1891-92	87	7,81,93	81	18	2,323
1892-93	88	7,80,29	83	20	2,403
1893-94	95	8,13,57	91	23	2,508
1894-95	99	8,50,21	99	27	2,641
1895-96	101	8,76,47	102	29	2,714
1896-97	105	9,12,17	101	29	2,782
1897-98	114	9,64,49	98	29	2,934
1898-99	126	10,33,41	107	30	3,157
1899-1900	136	10,87,17	112	31	3,381
1900-1901	138	10,98,19	108	31	3,539

14

Year.	Quantity manufactured in Bombay Presidency.		Exports by sea to foreign countries.	
	Yarn.	Woven goods.	Yarn.	Woven goods.*
	(In millions of lbs.)			
1895-96	320	...	172	18
1896-97	302	67	176	14
1897-98	324	73	170	12
1898-99	368	82	197	13
1899-1900	371	78	219	13
1900-1901	243	80	113	10

* Exclusive of handkerchiefs, shawls, hosiery.

[It is clear, however, that the power industry has made progress at the expense of the hand industry. The number of cotton mills has increased from 87 to 138, and the number of spindles from $2\frac{1}{3}$ millions to $3\frac{1}{2}$ millions. The increase in Bombay City has been by 25 per cent., and in the interior by 150 per cent.

The output of the mills and the amount exported are shown in the margin. Neither the outturn of the mills nor the number of hands employed have increased in proportion to the new investments of capital.]

A succession of adverse circumstances has impeded the development that might otherwise have been expected. The dearth and consequent high prices of supplies of cotton in the years of drought, the dislocation of the labour market owing to the epidemics of plague, the political disturbances in China, and the fluctuations of exchange with that country, all combined to try the resources of a system of management which in many mills was found to be defective.

In 1901-1902 there was a considerable improvement in respect of all these conditions. To the revival of the export trade was added a large demand for clothing in the tracts which had suffered from famine, and the present condition and prospects appear to be more satisfactory than they have been for several years.

17. The following list of other *industries carried on in factories* is of interest, but it is not possible to compare the present position with the past in respect of the numbers supported by these industries, since these statistics were not recorded in any previous Census :—

Name of Industry.	Factories. 1891.	Factories. 1899.	Number of persons supported in 1901.
Flour mills	20	32	471
Mineral and aërated waters ...	...	94	4,531
Distilleries and breweries ...	1	11	673
Ice factories	9	11	345
Gas works	...	1	265
Paper mills	3	3	256
Printing presses	...	7	10,562
Cotton ginning and pressing mills ...	224	299	28,064
Soap factories	...	1	112
Dye works...	...	6	129
Tanneries	9	2	2,558
Silk mills	1	3	721

It is believed that in the Census a certain number of factory workers have been entered under other heads, and that the total number is about one-fourth of a million or 1·4 per cent. of the whole population.

18. The statistics of *home industries* reflect the increased pressure of European competition.

The decrease of cotton dyers from 38,000 to 26,000 is probably due to the importation of aniline dyes, which are now found in every village and have taken away the occupation of those who used to prepare and sell dyes from safflower, madder and other species of "vegetable."

The vegetable oil provided by the village oil presser is being superseded as an illuminant by the cheap Russian mineral oils, and while the trade in kerosine in India has increased in value from 2,36 lakhs in 1891-92 to 3,51 lakhs in 1901-1902, the oil-pressing community has decreased to a considerable extent.

The statistics of trades connected with leather are less easy to understand. The deplorable mortality amongst cattle sent a vast number of hides into the market, and the value of the exports from India rose from 5 crores in 1891 to 8⅓ crores in 1897 and 11½ crores in 1900. Even though native enterprise has not availed itself of the enormous field open to it in the scientific preparation of leather goods, there must have arisen a large demand for simple subsidiary processes. But while Chámbhárs and the other castes which deal with leather have suffered no diminution, tanners, curriers and water-bag makers have largely decreased. It is to be hoped that if the prejudices of Hindus continue to close to them this profitable occupation, other Mahomedans may follow the example of their co-religionist, who has created a most successful leather factory in Bombay.

	1891.	1901.
Shoe makers	149,000	148,000
Leather dyers	14,000	16,000
Tanners and curriers, including operatives in tanneries, &c. ...	48,000	19,000
Water-bag makers	24,000	5,000
Hide, horn and bone dealers ...	6,000	18,000
Total ..	241,000	206,000

Other large decreases are recorded under :—

	1891.	1901.	Percentage Decrease.
Rope-makers	57,601	38,706	−33
Lime burners	15,147	10,244	−32
Perfume preparers	4,905	2,015	−59
Knife and tool makers	3,653	191	−95
Wood and cane workers	328,496	291,927	−11

On the other hand the building trade is shown to have made some progress and now supports 163,000 persons in place of 151,000 supported in 1891. The increase is less than might have been expected in view of the movement to the outskirts of towns, which has taken place on the part of the wealthier classes under fear of plague infection. An increase of 10 per cent., probably due to the influence of Railway workshops, is found under the head of Iron and Steel, which industry now claims 94,600 persons in place of 86,600 in 1891.

If these statistics are to be trusted, it is evident that unless either a material improvement takes place in industrial organization or the measures under contemplation for the revival of technical craftsmanship prove successful, the practical extinction of the hand industries cannot be long deferred.

In regard to the dye, embroidery and weaving industries, a very important factor in the decline has been the change of fashion or taste among the wealthy classes. In Gujarát not only have the men discarded the embroidered kinkhobs of Surat and Ahmadabad in favour of English broadcloth, but the women who are ordinarily more conservative are taking to foreign silks in place of the artistic cotton *sáris* hitherto in vogue. Certain associations attempt to combat the change of fashion, and preach the support of local industries, but their patriotic efforts appear to meet with doubtful success.

19. *Prices.*—The great fluctuations which have occurred in the prices of the staple food-grains in the last 5 years are tabulated below :—

	Lbs. per rupee.									
	Jowári					Bájri.				
	1897.	1898.	1899.	1900.	1901.	1897.	1898.	1899.	1900.	1901.
Gujarát	20·0	34·2	31·2	19·6	32·8	19·2	31·4	25·8	18·6	30·4
Deccan	19·0	35·4	35·8	18·2	27·0	17·6	33·4	30·6	18·0	27·4
Karnátak ...	24·0	39·8	38·6	21·2	28·8	21·6	35·8	39·4	21·0	27·4
Konkan	18·4	25·2	24·6	17·6	23·6	16·4	25·2	24·6	17·2	22 4
Sind	25·4	41·0	37·4	25·6	41·6	22·6	37·2	33 2	23·6	37·4

20. There has been no corresponding rise in the *wages of labour*. The depression of agriculture aggravated the competition for every kind of non-agricultural employment, and the wages of unskilled labour tended to sink at the same time as their purchasing power declined. This result was most marked in Sind, where the immigrant driven by famine from Rájputána and Káthiáwár considerably lowered the high wages previously prevailing; the rate, however, remained above the normal level elsewhere and was adequate, while the immigration proved of great value to the landholders in enabling them to carry out agricultural improvements on their estates.

	Wages of unskilled labour per month.	
	1895-96.	1900-1901.
	Rs. a.	Rs. a.
Gujarát	6 9	5 0
Deccan	7 13	5 7
Karnátak	7 13	7 8
Konkan	7 5	7 0
Sind	15 0	10 10

The poorer artisans experienced a similar decline in wages and their value. They are dependent for the provision of work chiefly on the surplus of agricultural wealth, and in part on industrial prosperity. The first was swept away by the famine and the second received tremendous blows from the epidemics of plague. The marginal statistics for the years 1895-96 and 1900-1901 refer to the superior class of artisans, but exhibit the same tendency.

	Wages of skilled labour per month.	
	1895-96.	1900-1901.
	Rs. a.	Rs. a.
Gujarát	18 4	16 9
Deccan	21 14	17 13
Karnátak	20 15	18 2
Konkan	21 11	21 6
Sind	39 12	28 14

21. *The effects upon each class of the recent succession of bad harvests.*—The agricultural labourer who habitually lives from hand to mouth is no worse

off than before. During the famine he and his women-kind obtained regular employment, while he was relieved of all responsibility in regard to his children, who were fed and cared for in the public kitchens. The poorer artisan suffered severely; of the effect on this class an indication may be found in the decrease recorded in the Census of carpenters and persons supported by wood industries from 210,000 to 190,000. The more skilled artisans who earn Rs. 15 to Rs. 30 per mensem suffered inconvenience from the rise in prices, and were forced to reduce their expenditure on luxury. The diminution of superfluous incomes of the agricultural and artisan classes is reflected in the reduction in sales of country liquor in the last five years. It is noteworthy that this reduction took place in spite of a belief that alcohol was a valuable prophylactic against plague, a belief so widespread that not only did artisans who are always prone to liquor increase their consumption, but high class Hindus laid aside their scruples and fortified their constitutions with draughts of brandy.

Year.	Gallons in thousands.
1895-96 ...	2,722
1896-97 ...	2,367
1897-98 ...	2,434
1898-99 ...	2,527
1899-1900 ...	2,122

In regard to the landholding class, the pressure of distress has varied with the previous economic condition of each sub-division.

When with the drought all demand for field labour ceased, the agricultural tenant and the man who with a holding of less than 5 acres is accustomed to add the wages of field labour performed for his richer neighbours to the produce of his own land, resorted to the public relief works in great numbers.

The brunt of the suffering fell on the large class just above these, the men who hold from 5 to 25 acres, and who according to the Government registers number 525,000, or 46 per cent. of the total landholders. (These registers do not, it is true, record titles, but may be taken to represent with substantial accuracy a distinct sub-division.) A man of this class owning 20 acres and paying, say, 20 rupees revenue to Government, would in normal years have a crop worth Rs. 120. If in 1899-1900 he had no crop, the payment of his revenue was probably suspended, and in large measure subsequently remitted, but even if he could save Rs. 20 by economy in luxuries it remained necessary for him to raise some Rs. 80 for the support of his family. In the early days at least he was loth to accept State relief, and must perforce have incurred debts at a period when credit was contracted and interest rose high.

Year.	Demand.		Collection.		Remission.	
	Deccan.	Gujarát.	Deccan.	Gujarát.	Deccan.	Gujarát.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1899-1900 ...	1,18,87,417	85,84,908	93,41,000	44,16,331	2,98,831	21,41,236
1900-1901 ...	1,19,26,677	85,30,114	81,18,478	59,07,930	2,41,136	8,26,214

Note.—Of the Rs. 97 lákhs of revenue due but uncollected on August 1st, 1901, Rs. 30 lákhs have since been remitted, and measures are in progress for the remission of a further sum of Rs. 35 lákhs.

Year.	Amount of Tagái Loans.
	Rs.
1896-97	35,73,000
1897-98	23,03,000
1898-99	9,06,000
1899-1900	40,30,000
1900-1901	94,45,000
1901-1902	61,63,000

Great assistance was given to this class by the liberal extension in the critical years 1896-97 and 1899-1900 of State loans (Tagái) for the improvement of their lands and for the purchase of seed and cattle.

Men who themselves worked at clearing their lands of weeds and constructing embankments subsisted to some extent on these loans and were thus kept from swelling the numbers on the relief works. In recognition of this fact some 30 lákhs of loans are in process of remission.

In this connection the following statement showing the total expenditure on famine relief may be added:—

Division.	1896-97.	1897-98.	1898-99.	1899-1900.	1900-1901.	1901-1902.	Total.
	In thousands of rupees.						
Deccan	25,52	67,53	2,51	75,37	1,77,54	44,82	3,93,29
Gujarát	...	...	...	38,09	99,30	22,37	1,59,76
Karnátak	6,90	26,77	1	95	5,28	10,52	50,43
Konkan	...	8	...	57	1,01	14	1,80
Sind	..	...	...	45	47	...	92
Total ...	32,42	94,38	2,52	1,15,43	2,83,60	77,85	6,06,20

The funds distributed by the Charitable Relief Committee amounted to 56¼ lákhs of rupees, and proved of immense value for purposes outside the scope of the State operations.

The loss of cattle and of accumulated savings amongst the agriculturists of fair position was most severe. It is believed that in Gujarát one-half of the 1½ million cattle died; this loss, which may be estimated at 120 lákhs of rupees, fell chiefly on some 83,000 land-holders of the districts of Ahmedabad, Kaira, Broach and the Panch Maháls, while their owners, unable to realize their impotence in the face of so vast a calamity and stimulated by their religious veneration for the sanctity of cattle, exhausted their resources in desperate endeavours to procure a sufficiency of fodder.

Almost a full supply of fodder was required for seven months from November 1899 to July 1900. This demand for 1½ millions of cattle at 500 lbs. per month amounted to some 750 million lbs. The State forests were everywhere thrown open for free grazing and Government and private dealers imported as large quantities as were possible from the forests of Khandesh, Thána and Central India, but no efforts could supply more than a fraction of the demand.

The losses in the Deccan were estimated at nearly a million head both in 1896-97 and in 1899-1900. The Deccan cattle were of less value, and the money loss perhaps did not exceed 100 lákhs of rupees.

It is impossible to conjecture what amount of silver ornaments were disposed of, but an export trade which was registered in the Railway returns as "unwrought copper and brass," but which is understood to represent the household utensils of the destitute, sprung up for the first time from Gujarát and the Deccan. 36,000 maunds of brass and 38,000 maunds of copper were thus exported from Gujarát, and from the Deccan 21,000 maunds of brass and 19,000 of copper; the value of the whole being not less than 40 lákhs of rupees.

The grain merchants probably suffered little. The export trade ceased, but an import trade of no less volume passed through their hands, and they no doubt made large profits from their reserve stores; but there is evidence to show that many expended their gains with an admirable generosity, if with some want of discrimination, in the distribution of charity for the support of beggars and cattle. Money-lenders contracted their business with the increase of risk, but have obtained a greater hold on the lands of the cultivators, the extent of which cannot yet be estimated.

Capitalists and money-lenders who have in this Presidency invested largely in landed property failed to reap the anticipated returns of their investments, and since they do not under the Bombay system receive the benefit of the suspensions and remissions of revenue, which are intended for the genuine agriculturist, were forced to sink larger sums to maintain their lands.

22. The *general condition and standard of living* of each class was explained in detail in the special report prepared in 1888 and was summarised in the decennial report submitted in 1892.

As regards Sind, the following description has been supplied by a Hindu official of high position:—

"It will be seen that in Sind proper good and bad seasons come in cycles, and consequently the improvement in the condition of the people in general, instead of being continuously progressive, receives checks at intervals. Signs, however, are not wanting to show that it is nevertheless pressing towards gradual improvement; where formerly in rural areas earthen pots were visible we see now copper, brass and pewter vessels; where formerly coarse cloth alone was visible we now see cloth of finer texture and silk; where formerly beads were worn as ornaments we now see silver and gold; where we formerly saw straw huts we now see tolerably built mud houses and sometimes handsome houses constructed of burnt bricks and lime, roofed in with iron or teakwood beams and rafters. But the most remarkable feature of the decade is that, while formerly beggars from among the indigenous people were to be met with in the streets, none are now seen and their place has been taken up by refugees from outside the province."

As regards the Presidency proper, it is too early yet to say whether the recent distress will produce any permanent effect in lowering the general standard. But the views of one of the leaders of the Bráhmin community regarding the condition of his caste may be quoted :—

"Speaking generally, the last ten years have been a period of considerable suffering to the Bráhmin community of the Deccan. The only compensating feature is the awakening that is slowly taking place as regards the importance of taking to industrial pursuits. The hold of this community on the non-Bráhmin classes of Hindu society is growing perceptibly less, but inasmuch as it indicates a greater realization on the part of the lower classes of the essential dignity of man as man, it is not to be regretted. Social reform ideas, such as late marriages, female education, relaxation of castes, and reduction in marriage expenditure, are steadily spreading, and some improvement is to be seen to-day in these matters as compared with the state of things ten or fifteen years ago."

23. Increased expenditure is undoubtedly a feature of the day. The description given by Sir T. Munro, in his examination before the Committee of the House of Commons in 1813, of the causes which "preclude the extension of the consumption of European articles in India," is no longer applicable. Among the higher classes clothing has assumed a new importance. Not only do both men and women wear more clothes and wear them more constantly than before—the writer has seen wealthy merchants in Gujarát ten years ago sitting with a solitary waist-cloth in the verandah on a public street, a practice now grown unfashionable and almost obsolete—but the men require suits of English texture cut in English style, wear underlinen and send it to the washerman, while the ladies refuse the homely durable *sáris* of the village weaver in favour of the brilliant cloths of Manchester. The fragility and consequent necessity for the frequent renewal of these cloths are additional points in their favour, while the feminine mind could scarcely be expected to pay heed to the injury inflicted on the local industry.

Railway travelling is a cause of much unproductive expenditure. Visits of condolence and of enquiry in case of illness are made from great distances and with greater frequency than before. Shrines of pilgrimage are also attended by multitudes who would formerly have found the journeys too troublesome and expensive. A very fair indication of the amount of unnecessary travelling undertaken is given by a comparison of the statistics of passengers on the chief railway systems which traverse this Presidency in the years 1896 and 1898.

Figures in Thousands.

Year.	Number of passengers.	Gross receipts.
		Rs.
1892	3,09,74	1,35,69
1893	3,20,91	1,42,06
1894	3,38,11	1,43,43
1895	3,60,32	1,51,03
1896	3,93,78	1,52,84
1897	3,18,91	1,16,37
1898	2,99,28	96,03
1899	3,45,99	1,16,40
1900	3,80,31	1,29,07
1901	4,09,62	1,46,94

In the years 1897—99, while plague restrictions were in their first rigour and travellers discovered to have fever were liable to detention in medical observation camps, few journeys were taken save for urgent reasons. These restrictions led to a decrease of nearly 10 millions or 25 per cent. of the journeys taken and a forced economy to the people of some 56 lákhs of rupees. The revival in 1901 appears therefore to show that the people were still in possession of superfluous means.

It is also observed that the taste for furniture is spreading widely in towns amongst the commercial, industrial and official classes.

Litigation.—In spite of the disorganization of business in the chief towns owing to the plague which at times even caused all legal proceedings to be discontinued, and the Courts to be closed, the number of suits instituted in recent years has shown no material reduction, while their value has increased. It may be assumed that almost all these suits concern persons who either hold land or pay income-tax; and we find, therefore, that 2 in every 7 such persons expend a portion of their substance every year on litigation.

Year.	Number of suits of which value can be estimated in thousand.	Total value of suits in Lákhs of Rs.
1891	183	3,42
1892	195	2,82
1893	193	2,93
1894	201	2,98
1895	205	3,58
1896	183	3,34
1897	166	3,59
1898	201	3,34
1899	174	3,29
1900	160	3,75

24. *Indebtedness.*—Indebtedness is impossible without credit. It, therefore, exists to a very small extent amongst the agricultural labourers or small artisans; amongst the land-owning classes, however, the power to incur debt increased with the rise in the value of land up to 1896, but since that year has been greatly restricted. From Gujarat Mr. Lely, the present Commissioner, reported in January 1896:—

	Amount spent by a Lewa Kunbi 30 or 40 years ago on a		Amount spent now on a	
	Marriage.	Death.	Marriage.	Death.
	Rs.	Rs.	Rs.	Rs.
1st Class	500	500	1,000	1,000
2nd Class	400	200	800	800

"The British cultivators received at the settlement a huge extension of credit, and the figures in the margin will partly show how they have used it, or rather abused it:

"These figures are under rather than over the mark. They specially relate to the Kunbis, but in all castes from the Anávla Bráhmins down to the Káliparaj the expenditure has more than doubled. It is no uncommon thing for an Anávla Bráhmin now to spend Rs. 2,000 on a marriage. The increase is partly due to the great rise in the price of ghee, but only to a slight extent. The dowry, for example, given to the bride, once Rs. 140, is now Rs. 400. Not only so, but the present men as they live less laborious lives, so they have more expensive tastes than their forbears, and to gratify them will resort to the sávkár, if there is no money in the house. Formerly the ordinary cultivators, to a man, wore country cloth; now they must have it of finer texture from Manchester. Cheap local rice, dál and gul were enough for the daily food; now vegetables, imported rice and refined sugar are in demand. A more luxurious generation seeks after pán-supári, chiroots, hired servants, sweetmeats, and American watches, and will borrow money to get them."

Since then associations have been formed in a few districts for the reduction of expenditure, and in 1902 Mr. Lely again reported:—

"Numerous marriages have taken place this year, at the cost of Rs. 15, instead of Rs. 200 or Rs. 300, not because the parents had become more thrifty, but because their credit would not go further."

Time and opportunity have been wanting for a detailed enquiry into this matter, but it is known that the ryots' credit has been curtailed in proportion to the severe depreciation in value from which land is temporarily suffering. Since the enormous extension of the system of State Loans meets almost all the legitimate demand for expenditure on land improvements, this restriction of his credit for unproductive expenditure is not an unmixed evil, and may possibly exercise a beneficial influence to economy for the future. A similar result has been noticed amongst the higher class of artisans, owing to the added uncertainties of life created by epidemics of plague.

In Sind, where credit is unimpaired, the cost of marriage ceremonies (exclusive of gifts of ornaments) is reported to range from Rs. 125 in the case of a tenant, to Rs. 350 in the case of a substantial landholder; but these expenses are reduced by a half, by the customary receipt from each guest of a wedding present in cash.

25. No changes of importance have taken place in the Land Revenue System, or the Tenancy Law. At the close of the period under review in August 1901, an amendment of the Land Revenue Code was passed; which created some discussion. Its object was to enable Government to affix in special cases special

conditions of tenancy to future grants of land. It is intended that when land is granted to members of the wild tribes or other persons who are likely to abuse the credit acquired by the possession of land, and to fall under the dominion of the money-lender, the land shall be rendered inalienable, and the credit of the improvident be thereby restricted.

It was at first proposed to utilise this law for the restoration to cultivators, whose lands had become encumbered and forfeited during the famine, of their holdings free from all encumbrances on this inalienable tenure. It was eventually, however, decided to restore such lands unconditionally. This measure was represented as an attack on the rights of all existing land-owners, and met with resistance from members of the capitalist class, who hold or desire to hold investments in land.

Since waste lands in the Presidency, exclusive of Sind, amount to some 5 per cent. only of the cultivable area, the effect of the enactment can only be slight and gradual. In Sind where the canal system is being largely developed and cultivation is rapidly extending, the effect may in a few years be substantial. In 1897 the Incumbered Estates Act was revived in Sind, and has exercised a beneficial influence on the fortunes of the bigger Zemindars. In Sind, another enactment, introduced in 1901, the Deccan Agriculturists' Relief Act, is thus described by Sardar Mahomed Yakub, C.I.E.:—

"It is not at all early that the Deccan Agriculturists' Relief Act has been applied to the province. Substantial good has already come out of it during the space of one year for which it has worked. A very perceptible check has been dealt to the passing of land from hand to hand and to the heavy grasp of the money-lender over the agriculturists, and the most satisfactory result which it has produced is, that both lending and borrowing have been brought down to reasonable limits. For the necessary purposes of cultivation, &c., it is not difficult to obtain money, but it is not as easy as it was before to find money for wasteful objects or extravagance. At first and even up to the present in some parts to a lesser degree, some tension prevails, but on the whole the business of money-lending is being as generally carried on as before, though more cautiously and reasonably."

26. The summary of 1891 remains true to-day :—

"It must, at the same time, be admitted that industrial enterprize still lags far behind the requirements and the possibilities of the situation. Most of the undertakings enumerated have been instituted by the handful of Europeans and Pársis in the larger towns, and though signs of progress are not wanting, the industrial development of the country is still in its infancy. In many directions it has hardly begun. Metal factories must eventually supplant the hand-worker in brass, copper, and iron of the bázárs. Hides and tanning materials should cease to leave the coasts raw and uncombined. Refined sugar and oils, chemicals, drugs and glassware now imported might be as well produced locally. Vegetable fibres are only partly exploited and little used in manufacture. Joint stock, mercantile and industrial operations have not yet attracted any appreciable share of native capital; this being perhaps the first condition antecedent to a general advance all along the line."

Literary education has progressed in the interval, but scientific research continues to receive scanty attention. This is perhaps due to the great attraction that landed estate possesses for capital and to the policy of a prominent school of native politicians which favours the creation of a class of absentee landlords. It may be assumed that the improvement of agriculture under the application of science and capital is the ultimate aim of this school, but the immediate result is unfortunate, for arts and industries languish for want of support, while the development of the resources of the country is dependent on the importation of foreign capital.

H. S. LAWRENCE,
Acting Director Land Records and Agriculture.

1st August 1902.

PROCEEDINGS

OF THE

SECOND CONFERENCE OF REGISTRARS

OF CO-OPERATIVE CREDIT SOCIETIES

HELD IN CALCUTTA ON THE
18TH NOVEMBER 1907, AND
FOLLOWING DAYS

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Programme of the Second Conference of Registrars of Co-operative Credit Societies, November 1907.

I.—General progress made.

II.—Cash Banks.

A.—Village Banks:—

(1) Number of members, area of Bank's operations, class of members, class or tribal Banks, limited or unlimited liability, entrance fees, deposits by members, loans by non-members, loans by Government, rates of interest usually charged by village money-lenders on agricultural loans to ordinary cultivators, rate of interest paid by Village Banks on members' deposits and on loans raised from outsiders, rate of interest charged by Village Banks on loans made to members, penal interest, punctuality of repayment, extent and reasons for default, action taken to enforce punctuality, expulsion of unsatisfactory members, objects for which loans are made to members, cause of failure of societies which have been closed, growth, investment and employment of Reserve Fund (see Appendix 2). The best means of dissemination of information on the principles of co-operation and the results so far achieved. Concession of Remittance Transfer Receipts at par.

(2) The managing body. The Manager. The Accountant. Supervisors. Accounts. Disputes.

(3) Assistance received from (*a*) leading land-owners, (*b*) money-lenders, (*c*) others. Honorary Organizers. Opposition and how to overcome it. Litigation and how to avoid it.

B. Urban Societies.

The same heads as above.

C. How to finance Cash Societies.

Co-operative Unions—Central Banks—District Banks—Land mortgage Banks—Agricultural Bank of India.

D. Inspection, audit and control.

E. How to finance rural banks in the event of a famine.

F. What is the best type of a Central Bank with branches for rural areas.

III.—Grain-Banks—Dharmagolas.

IV.—Co-operative Village and Central Seed Societies.

V.—Other Forms of co-operation—

(*a*) Weaving Societies.

(*b*) Sugar Industries.

(*c*) Societies for other purposes.

VI.—(1) Rules and bye-laws under the Act.

(2) Suggested amendments of the Act.

(3) Privileges granted by Government.

(4) Enforcement of decisions and awards by arbitrators under section 27 (2) (*p*) of the Act.

(5) Summary procedure for the recovery of co-operative societies' dues.

VII.—(1) Societies' year.

(2) Form of Annual Report and Statements.

Minutes of the Proceedings of the Second Conference of Registrars of Co-operative Credit Societies held in Calcutta on November 18th and following days.

November 18th.

Present :

PRESIDENT.

MR. R. W. CARLYLE, C.I.E., I.C.S.,

MEMBERS.

Madras	MR. R. RAMA CHANDRA RAO.
Bombay	,, C. S. CAMPBELL, I.C.S.
United Provinces	,, S. H. FREMANTLE, I.C.S.
Punjab	,, S. WILBERFORCE, I.C.S.
Eastern Bengal and Assam . . .	,, K. C. DE, I.C.S.
Coorg	,, GUSTAV HALLER.
Bengal	,, W. R. GOURLAY, I.C.S. (*Secretary*).

1. The President welcomed the Registrars.

2. The President suggested that the Bengal Registrar should be appointed Secretary : to this the Conference agreed.

3. The Members of the Conference recorded their regret at the absence of Mr. English, I.C.S., and of a representative from the Central Provinces.

4. It was agreed that the discussion should follow the heads of the programme drawn up by Mr. Wilson, the late Revenue Secretary.

5. Four general statements attached to these minutes, showing the combined statistics of the societies in the different provinces, were laid upon the table.

6. The heads of the programme were then taken up in order.

7. I.—*General Progress.*—The President stated that he considered that the statements showed that satisfactory progress had been made and that the prospects of the movement were hopeful.

8. II.—*Cash Banks.*— Village Banks.— Number of members : Area of operations.—These two subjects were considered together. The Members agreed that it would be unwise to limit the number of members by rule or regulation, and that it was best to leave the societies to elect their own members. It was agreed that the area should be kept as small as possible. With a large area the sense of joint responsibility is much weakened and the difficulties of management increased. These difficulties are got over in the United Provinces by subdivision into patties. In Bengal the area with which each society deals is limited to one village or even one hamlet, and the villages being small the number of members is necessarily limited. In the Punjab the village is generally the unit. In Eastern Bengal the area is small, but in Assam it is considerably larger. In Bombay the area of operations is small. The circumstances in Coorg appear to be different and one society deals with an area of 40 to 75 square miles. The area is subdivided into groups, having its own committee, formed of influential people who do not themselves wish to borrow. In Madras the number of members in each society is sometimes considerable, but the area is strictly limited.

Mr. Wilberforce was of opinion that it was unwise to found societies in villages where there were two or more factions, as one faction was likely to try to ruin the rival's society ; it was generally agreed that under such circumstances success would be difficult, and that it was best for Registrars to confine their attention to more hopeful villages. It was generally agreed that the very low castes would find it difficult to obtain admission to societies, and that where such communities exist, as for example for the Namasudras in Eastern Bengal, special efforts should be made to found caste societies for them alone.

9. *Limited and Unlimited Liability.*—It was agreed by all Registrars that unlimited liability was the best foundation for rural societies. Mr. Wilberforce however was of opinion that where there was a demand for limited liability it should not be refused as a matter of course. Most of the Registrars were of opinion that limited liability should be directly discouraged. In Coorg all the societies are founded on limited liability, but Mr. Haller stated that this was due to the peculiar features of the area with which he had been dealing, and that it was his intention to found unlimited liability societies in the north of Coorg. In Madras all the new societiss registered since August 1905 have accepted the principle of unlimited liability. The same principle has been accepted in Burma. It was agreed that there was much more danger with the principle of limited liability, because one man might get the whole control into his hands and would then only be made responsible for the amount of his liability: where the liability was unlimited, on the other hand, it was to the interest of every member to see that the society was properly managed.

10. *Deposits by Members.*—The societies hitherto have generally failed to attract voluntary deposits from members. The Bengal Registrar was of opinion that the societies had never offered a rate of interest sufficiently high to attract such deposits. In the United Provinces and in Eastern Bengal the system of small compulsory deposits has been introduced, either by payment of a rate on cultivation or rent, or by a deduction of two to four pice per rupee on the loan taken. The object of this is to hasten the building up of a capital and to give the members a tangible interest in the society apart from their unlimited liability. In Bengal and Bombay there is no system of compulsory deposit. In Madras and the Punjab there are both deposits and share capital. In Burma there are no deposits but some shares. In Coorg, where the members are rich the deposits are of the nature of payments towards share capital.

11. *Loans by Non-Members.*—Loans by non-members have been attracted in Bengal and Burma by the offer of a high rate of interest. The interest offered by the Madras Central Bank has been sufficient to attract some outside capital. This is also the case with the Central Banks in the United Provinces, but the Registrar was of opinion that it was doubtful whether much more capital could be attracted at similar rates. In the other provinces the loans from non-members are made more from philanthropic motives than with a view to investment.

12. *Loans by Government.*—The Bengal Registrar stated that he did not require any further assistance from Government, except in a case of famine or distress, when takavi loans at $6\frac{1}{4}$ per cent. might be given to assist the societies as is provided for in the Famine Code. Mr. Fremantle was of opinion that it was unnecessary to advance more money on the terms of the Government of India's Resolution, but that ordinary advances under the Agriculturists' Loans Act might be made on the recommendation of the Registrar. On the other hand, Mr. Wilberforce pointed out the difficulty of refusing a loan to a new society in the neighbourhood of an old one which had taken advantage of the terms of the Resolution and that the present rules favour the big society which can subscribe the limit of Rs. 2,000 within a short time. Mr. De stated that if Government refused further assistance it would be extremely difficult to make further progress as he had failed to raise capital otherwise. Mr. Campbell was of opinion that deposits by members should not be made a *sine quâ non* condition of the Government loan, that it was necessary to lend money at a low rate of interest to clear the agriculturists of debt, but that when this was done they would be able to pay a higher rate. The President was of opinion that the time had not yet come for Government to withdraw all financial assistance to the societies and that the question raised by Mr. Campbell should be discussed in a sub-committee.

13. The President pointed out that there was an absence of accurate information on the subject of the prevailing rates at which agriculturists borrowed from money-lenders, and he requested the Registrars to make special inquiries on this point and embody the results in next year's reports.

14. It was generally agreed that with efficient management no special provision for penal interest was necessary.

15. The Burma Registrar has stated in his report that in his province it is necessary to confine loans to productive purposes on account of the improvident habits of the people. The Registrars of other provinces were of opinion that the decision on this matter could safely be left to the societies themselves. Experience had shown that very few loans had been given for unproductive purposes, and Mr. Wilberforce pointed out that by giving loans for marriages, etc., the societies were often able to restrict the member's expenditure: while if loans for such purposes were prohibited the member would be forced to borrow from the money-lender.

16. It was agreed to defer the consideration of the other matters till Wednesday (20th November). Meanwhile the following questions were referred to sub-committees of the Members named below:—

I.—Definition of Profits and Treatment of Reserve Funds:
Messrs. Fremantle, Wilberforce, and Rao.

II.—Dissemination of Information:
Messrs. Fremantle, De, and Gourlay.

III.—Form of Report and Returns:
Messrs. Kerr, Wilberforce, Campbell, and De.

IV.—State Aid and Special Procedure for Recovery:
A Committee of all the Registrars.

V.—The Agricultural Bank of India:
A Committee of all the Registrars.

November 20th.

17. The Secretary reported that all the subjects referred to in paragraph 16 of the minutes of November 18th had been discussed by a committee consisting of the whole of the Registrars. The various reports were then discussed by the Conference and agreed to, with certain slight modifications, which have been embodied in the revised notes given below.

18. *Reserve Fund, and Profits.* (*a*) *Societies with unlimited liability.*—The Registrars of Eastern Bengal, Madras and Coorg considered that the reserve should never be employed as working capital, but that it should be placed in a safe investment out of the control of the society. The other Registrars were of opinion that so long as the reserve fund was small it should preferably be employed in the business of the bank, in order that capital may be accumulated more quickly, but that when it bears an appreciable ratio to the capital it may be advisable to invest it apart from the society in order to provide security for borrowed capital. Where a Central Bank exists the reserves may well be deposited with it.

(*b*) *Societies with limited liability.*—All Registrars agreed that it is desirable to set aside the reserved fund from the first.

Profits.—The Registrars accepted the definition of profits given in the note attached to the programme of the Conference.

19. *Dissemination of Informaioin.*—It was generally agreed that it was desirable that gentlemen, both official and non-official, should be asked to attend the Conference for purposes of consultation, and that each of the Registrars of the larger provinces should be empowered to invite two such persons. The President should always have the power to nominate extra members.

It is desirable that Registrars should circulate to their colleagues all circulars issued by them.

It would be of no use to issue pamphlets broadcast, but they should be available both in English and the vernacular for the information of inquirers.

It is not desirable to attempt to propagate co-operative principles in rural areas unless arrangements can be made to control societies when formed.

Sufficient experience has not yet been gained to warrant the preparation of a Manual.

Use should be made of the Agricultural Journals in the different provinces, and periodical notes on the working of societies should be communicated to the local press. Abstracts of balance sheets might be supplied with the notes.

20. The report of the Sub-Committee appointed to consider the Annual Report and statements was read. It was agreed that the Conference should be held in Simla in October on a date to be fixed subsequently after consultation with the Registrars. With regard to paragraph 2 it was agreed that statistics should be compiled for districts or if necessary for groups within districts. The rest of the Report was accepted.

21. *State Aid and Special Procedure for Recovery.*—Under the present Resolution of the Government of India loans are made against an equal amount deposited in rural societies only; there is no reason why this concession should not be extended to societies which, through the want of the proper proportion of agriculturists, are classed as urban, but which are founded on unlimited liability and are similar in every way to rural societies. At present, for example, the Resolution does not provide for small societies of artisans which it is particularly desirable to encourage. The Bombay and Eastern Bengal Registrars desired to have a small sum placed at their disposal by the Government to finance societies in which the members were too poor to make deposits. The Registrars of Bengal, Punjab and United Provinces were of opinion that as a rule capital for such societies should be found apart from the Government, and that in special cases takavi loans under the Agriculturists' Loans Act might be given. In any case in famine time takavi for the use of members should be advanced through the societies. The Bombay Registrar desired that the views expressed by him in the following note be recorded :—

"In most respects the Government of India have left Local Governments a free hand in the administration of co-operative societies: in one respect, however, no discretion whatever has been left, and, therefore, no deviation

from a precise set of directions is ever possible to meet any modification which local conditions may suggest. The case in point is that of 'loans by Governemnt.' I have put forward that Bombay has special conditions in part for special treatment. The other Registrars find nothing corresponding in their own provinces; so the Conference can do nothing. The Bombay Government can do nothing but refer to the Government of India; and the latter Government refers to the Conference of all Registrars.

"I suggest that in this particular matter some discretion be left with Local Governments regarding the conditions contained in paragraph 26 of Government of India, Department of Revenue and Agriculture, Resolution No. 1—63-3, dated 29th April 1904."

Special Procedure.—The printed notes on the subject were read. The Bengal Registrars stated that his experience showed that up to the present no special procedure had been found necessary in Bengal, and that he was of opinion that the introduction of such a procedure would lead to less care in the management and less scrutiny of the purposes for which money is lent. The Registrars of Madras and Eastern Bengal agreed. The Registrar of the United Provinces, where special procedure was in force for a year, stated that in his opinion there had been no less care in the scrutiny of loans nor less efficiency in management, while the fact that such a procedure existed was sufficient to deter people who would otherwise be inclined to default. In practice it was hardly ever necessary to put the procedure in force. The Punjab Registrar was of opinion that without such a procedure it was easy for a money-lender to ruin a society by inducing members to default and forcing the society into litigation. The Registrars of Bombay and Coorg agreed with the Registrars of the Punjab and United Provinces. The Registrar of the United Provinces pointed out that the grant of this concession would much improve the credit of rural societies, as affording a kind of Government guarantee to joint stock banks and others willing to advance capital. The Registrar of the Punjab pointed out that the present rules in force in his province and in the United Provinces do not provide any procedure for the recovery of undisputed debts.

23. *The Financing of Cash Societies.*—It was agreed that if possible the best method would be to build up a Central Bank from below, but it was recognized that this would take many years. The Bengal Registrar stated that he hoped in the next year to make a commencement in forming the societies into local unions for purposes of finance and control, but that nothing had been done up to the present. The United Provinces Registrar hopes to solve the same problem by the institution of district banks where there are sufficient societies formed or a demand for their formation exists. It was agreed that this subject should come up for special consideration at the next Conference, as the solution of the problem of finance and control is vital to the success of the movement.

24. *How to finance a Central Bank in the event of a famine.*—This subject was raised by the Registrar of the Central Provinces in his report. Mr. Low pointed out that in unirrigated tracts where practically the whole capital of a Central Bank is lent out on the security of a single crop through rural societies, there is a great danger of bankruptcy in a time of famine. The Registrars were of opinion that until the bank had a sufficiently large reserve fund to enable it to tide over a famine, Government might advance takavi to tide over difficulties and to enable business to be carried on.

25. The other subjects on the programme have been dealt with in the various reports, and as no controversial points were raised it was thought unnecessary to discuss them.

26. It was suggested that the example of Bombay and Bengal might be followed in other Provinces in the matter of telegraphic addresses. The telegraphic addresses of the Registrars in the Bombay and Bengal are "Bombay Credit" and "Bengal Credit," respectively.

27. The following note by the Bengal Registrar on the subject of increase of staff was read:—

"*The question of Staff.*—Now that a certain amount of progress has been made and societies are springing up over a large area, it is essential that each

Registrar should have a personal assistant, whom he can employ to look after work at headquarters while he himself is on tour, and to visit districts where the presence of some one is urgently required to avert disaster. Travelling over a whole province by rail and road continuously for six months or more in the year is very wearying, and it is necessary that the Registrar should have some relief; much time too can be saved by sending such a trusted officer a week or two ahead to prepare the minds of the people for the Registrar's visit, and much disappointment can be saved by this way. In all the larger provinces these difficulties have been felt, and officers of the class of Extra-Assistant Commissioners and Deputy Collectors have been placed on special duty for short intervals to assist the Registrar. The disadvantage of losing an officer who has been trained in the work just at the time when he has learned what is required and just when he has come to take an enthusiastic interest in co-operation is very great, and I would suggest that an officer of this kind be appointed to assist the Registrar throughout the year in all the larger provinces. The extra cost would amount to something like ₹4,000 per annum."

It was agreed that in all the larger provinces there should be a permanent assistant to the Registrar, not below the rank of a Junior Deputy Collector. In addition to the advantages already pointed out by the Bengal Registrar, the appointment of such an officer would ensure some continuity in the work. A Deputy Collector has already been appointed in Madras, and in three cases applications have already been made by the Registrars to their Local Governments for such assistance.

28. The proposals of the Bengal Registrar printed below concerning the appointment of a permanent Secretary to the Conference and the procedure at the next Conference were agreed to, and it was suggested by the President that the present Secretary should continue in office till the next Conference :—

"*A permanent Secretary.*—I would suggest that the Registrar of one province should be appointed Secretary to the Conference for one year, and that he should assist in getting the proposals of the Conference properly placed before the Government. He should also draw up the programme for the next Conference after reference to the different provinces, and should act generally as a bond between the Registrars from one Conference to another."

"*The procedure.*—I would suggest that individual members be asked to prepare opening papers on each of the subjects to be discussed. This would not in any way interfere with the preparation of notes by other Registrars, but if it is the duty of one member to inform himself fully upon a definite subject the discussions which follow will be more valuable."

29. The President shortly addressed the Registrars on the work of the Conference and its advantages.

30. The Registrars thanked Mr. Carlyle for having given so much of his valuable time to the work of the Conference.

APPENDICES.

Appendix 1.

STATEMENT I—A.

GENERAL PROGRESS.

Central Societies (lending to other Societies only).

Province.	KIND OF SOCIETY						Number of Societies.		Number of Members.		Remarks.
	Cash.		Productive.		Distributive.						
	Limited liability.	Unlimited liability.	Limited liability.	Unlimited liability.	Limited liability.	Unlimited liability.	At the beginning of the year, 1st April 1906.	At the end of the period, 30th June 1907.	At the beginning of the year, 1st April 1906.	At the end of the period, 30th June 1907.	
1	2	3	4	5	6	7	8	9	10	11	12
Madras . . .	1	...	...	...	...	...	1	1	27	43	
Bombay . . .	...	...	...	...	...	...	...	...	...	...	
Bengal	...	...	...	...	...	...	...	...	...	...	
United Provinces . .	...	10	...	...	...	...	8	10	1,669	2,669	
Punjab	...	...	...	...	...	...	...	...	...	...	
Burma	...	...	...	...	...	...	...	...	...	...	
Eastern Bengal and Assam	...	...	...	...	...	...	...	...	...	...	
Central Provinces and Berar	2	1	...	...	...	...	...	3	49*	49	*At the beginning of the year or at the time of registration.
Coorg	...	...	...	...	...	...	...	...	...	...	
Ajmer	...	...	..	...	...	...	...	...	...	...	
North-West Frontier Province.	...	...	...	...	...	...	...	...	...	...	
Total .	3	11	...	...	...	...	9	14	1,745	2,761	

STATEMENT I—B.

GENERAL PROGRESS.

Urban Societies.

Province.	KIND OF SOCIETY.						Number of Societies.		Number of Members.		Remarks.
	Cash.		Productive.		Distributive.						
	Limited liability.	Unlimited liability.	Limited liability.	Unlimited liability.	Limited liability.	Unlimited liability.	At the beginning of the year, 1st April 1906.	At the end of the period, 30th June 1907.	At the beginning of the year, 1st April 1906.	At the end of the period, 30th June 1907.	
1	2	3	4	5	6		8	9	10	11	12
Madras	9	2	1	1	8	...	9	21	1,383	3,533	
Bombay	16	4	...	...	...	...	10	20	290	1,945	
Bengal	4	4	...	...	...	...	4	8	500	725	
United Provinces	*16	...	1	...	1	...	3	18	2,749	25,318	*There are 1,536 affiliated societies.
Punjab	3	...	...	...	...	...	1	3	164	279	
Burma	3	...	...	...	...	...	2	3	61	103	
Eastern Bengal and Assam	12	...	...	...	...	...	7	12	529	1,029	
Central Provinces and Berar	4	...	...	...	...	...	1	4	†238	667	†At the beginning of the year or at the time of registration.
Coorg	...	...	...	...	..	...	...	...	...	...	
Ajmer	...	...	...	...	...	...	...	...	...	...	
North-West Frontier Province.	...	...	...	...	...	...	...	...	...	...	
Total	67	10	2	1	9	...	37	89	5,914	33,599	

STATEMENT I—C.

GENERAL PROGRESS.

Rural Societies.

Province.	KIND OF SOCIETY.						Number of Societies.		Number of Members.		Remarks.
	Cash.		Productive.		Distributive.						
	Limited liability.	Unlimited liability.	Limited liability.	Unlimited. liability.	Limited liability	Unlimited liability.	At the beginning of the year, 1st April 1906.	At the end of the period, 30th June 1907.	At the beginning of the year, 1st April 1906.	At the end of the period, 30th June 1907.	
1	2	3	4	5	6	7	8	9	10	11	12
Madras	12	29	...	...	...	...	17	41	1,323	2,863	
Bombay	...	49*	...	...	...	...	21	49	1,129	3,578	* Two societies include a certain amount of grain dealing in their bye-laws.
Bengal	...	166	...	...	...	4†	53	170‡	2,117	7,159	† The statistics of these grain societies are not available.
United Provinces	...	130	...	12§	...	...	61	142	10,378	16,483	‡ There were 15 unregistered rural societies and 24 unregistered grain banks.
Punjab	1	173	...	...	...	...	28	174	1,525	17,254	§ These are seed societies.
Burma	1	37‖	...	...	...	...	21	37	1,366	1,925	‖ One society was wound up on 30th January 1907.
Eastern Bengal and Assam	...	48	...	...	...	...	14	48	521	2,424	¶ At the beginning of the year or at the time of registration.
Central Provinces and Berar	...	63	...	...	...	...	8	63	1,866¶	2,154	** Of these the names of 58 members were struck off the list on account of their declining to pay the admission fee.
Coorg	11	...	...	...	...	...	6	11	507	957	
Ajmer	...	8	...	...	...	...	8	8	238**	186	
North-West Frontier Province.	...	...	...	...	...	...	...	...	...	...	
Total	25	70	...	12	...	4	237	743	20,970	54,983	

Province.	Kind of Society.	RECEIPTS.												
		Opening balance.	Share payments.	Entrance fees.	Deposits by members.	Loans from other sources.			Loans repaid by members.	Loans repaid by other societies.	Interest received.	Sale-proceeds of stock.	Other income.	
						Government.	Other societies.	Non-members.						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	1
		R a. p.	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	
Madras	Cash—Limited liability . . .	2,727 13 6	2,700 0 0	85 0 0	71,800 0 0	...	...	9,000 0 0	...	2,400 0 0	1,779 8 6	...	50 14 6	87,8
Central Provinces and Berar .	Ditto	...	...	...	...	...	...	...	Figures not	given.	...	...	...	
TOTAL .	... ..	2,727 13 6	2,700 0 0	85 0 0	71,800 0 0	...	...	9,000 0 0	...	2,400 0 0	1,779 8 6	...	50 14 6	87,8
United Provinces . . .	Cash—Unlimited liability . . .	1,943 7 9	...	230 12 0	13,374 12 0	9,800 0 0	15,315 0 0	10,132 1 3	86,384 2 4	15,265 3 6	8,225 15 3	869 1 3	2,198 15 6	1,61,2
Central Provinces and Berar .	Ditto	...	...	127 8 0	678 0 0	500 0 0	1,000 0 0	*2,800 0 0	4,340 0 0	...	351 1 0	..	14 5 0	9,8
TOTAL .	.....	1,943 7 9	.	358 4 0	14,052 12 0	10,300 0 0	16,315 0 0	12,932 1 3	90,724 2 4	15,265 3 6	8,577 0 3	869 1 3	2,213 4 6	1,71,1
GRAND TOTAL .	... ..	4,671 5 3	2,700 0 0	443 4 0	85,852 12 0	10,300 0 0	16,315 0 0	21,932 1 3	90,724 2 4	17,665 3 6	10,356 9	869 1 3	2,264 3 0	2,59,

STATEMENT II—A.

SBURSEMENTS—FROM 1st APRIL 1906 TO 30th JUNE 1907.

eties (lending to or dealing with other Societies only).

		DISBURSEMENTS.															
	Total inclusive of opening balance.	Share capital withdrawn.	Deposits withdrawn.	Loans repaid to			Loans to members.	Loans to other societies.	Interest paid on loans and deposits.	Dividend and bonus paid.	Stock bought.	Establishment and contingencies.	Other items.	Carried to reserve.	Total expenditure.	Closing balance.	Remarks.
				Government.	Other societies.	Non-members.											
5	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
15 7 0	90,543 4 6	...	6,100 0 0	...	...	2,000 0 0	...	80,900 0 0	501 0 0	...	...	268 7 11	13 12 4	5 2 0	89,788 6 3	754 14 3	
..	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
15 7 0	90,543 4 6	...	6,100 0 0	...	...	2,000 0 0	...	80,900 0 0	501 0 0	...	...	268 7 11	13 12 4	5 2 0	89,788 6 3	754 14 3	
95 15 1	1,63,739 6 10	...	81 8 0	296 12 0	...	2,561 0 0	1,26,624 15 1	21,937 9 1	3,036 8 4	..	3,472 4 3	641 6 3	44 14 10	3,673 3 0	1,62,370 0 10	1,369 6 0	
10 14 0	9,810 14 0	...	...	...	...	...	9,005 0 0	...	...	...	200 0 0	100 3 5	...	...	9,305 3 5	505 10 7	*Includes R800 from Court of Wards.
06 13 1	1,73,550 4 10	...	81 8 0	296 12 0	...	2,561 0 0	1,35,629 15 1	21,937 9 1	3,036 8 4	...	3,672 4 3	741 9 8	44 14 10	3,673 3 0	1,71,675 4 3	1,875 0 7	
22 4 1	2,64,093 9 4	...	6,181 8 0	296 12 0	...	4,561 0 0	1,35,629 15 1	1,02,837 9 1	3,537 8 4	...	3,672 4 3	1,010 1 7	58 11 2	3,678 5 0	2,61,463 10 6	2,629 14 10	

Province.	Kind of Society.	RECEIPTS.											
		Opening balance.	Share payments.	Entrance fees.	Deposits by members.	Loans from other sources.			Loans repaid by members.	Loans repaid by other societies.	Interest received.	Sale-proceeds of stock.	Other income.
						Government.	Other societies.	Non-members.					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
		R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a.
Madras	Cash—Limited liability	2,812 0 8	17,939 0 10	2,263 10 6	70,705 6 8	...	17,500 0 0	48,103 11 10	53,766 4 1	...	8,852 10 9	..	831 1
Bombay	Ditto	12,758 11 11	35,074 8 0	402 10 0	29,961 15 0	14,100 0 0	.	1,992 1 5	54,792 1 5	768 3 5	3,226 2 10	...	396
Bengal	Ditto	414 4 5	2,948 4 10	129 0 0	5,121 4 0	...	384 2 4*	700 0 0	30,131 6 2	...	1,449 15 6	...	6
United Provinces	Ditto	8,860 0 5	96,028 0 0	4,273 0 0	62,161 13 0	5,100 0 0	1,800 0 0	4,63,646 8 5	1,84,156 11 10	393 2 5	30,853 10 8	31 3 6	17,533
Punjab	Ditto	...	...	...	...	...	Figures not given.						
Burma	Ditto	307 8 9	1,260 0 0	...	3,247 8 0	...	...	...	1,715 0 0	...	200 5 7	...	3
Eastern Bengal and Assam	Ditto	1,517 9 9	11,692 8 0	647 8 0	7,658 14 4	10,150 0 0	...	5,891 15 0	36,630 9 3	48 0 0	3,713 12 8	..	83
Central Provinces and Berar	Ditto	3,692 4 0	8,815 8 0	314 8 0	7,124 2 9	2,000 0 0	...	4,525 0 0	16,267 14 3	...	1,385 15 1	...	12,147
TOTAL	...	30,362 7 11	1,73,757 13 8	8,030 4 6	1,85,980 15 9	31,350 0 0	19,684 2 4	5,24,859 4 8	3,77,459 15 0	1,209 5 10	49,682 9 1	31 3 6	31,002
Madras	Cash—Unlimited liability	...	5,401 0 0	122 0 0	2,481 0 0	...	11,000 0 0	7,605 0 0	280 0 0	...	1,100 12 0	...	296
Bombay	Ditto	372 6 9	220 0 0	87 0 0	2,965 0 0	2,550 0 0	...	...	3,493 0 0	...	150 7 5	...	...
Bengal	Ditto	...	...	30 0 0	..	...	...	900 0 0	216 0 0	...	48 3 3	..	1
TOTAL	.....	372 6 9	5,621 0 0	239 0 0	5,446 0 0	2,550 0 0	11,000 0 0	8,505 0 0	3,989 0 0	...	1,299 6 8	...	297
Madras	Productive—Limited liability	...	35 7 9	7 8 0	...	...	200 0 0	2 0 0	11 0 0	...	0 1 10	...	755
United Provinces	Ditto	599 2 9	16,937 0 0	31 0 0	285 13 9	.	...	6,366 0 0	.	120 0 0	...	34,767 12 0	14,905
TOTAL	.....	599 2 9	16,972 7 9	38 8 0	285 13 9	...	200 0 0	6,368 0 0	11 0 0	120 0 0	0 1 10	34,767 12 0	15,660
Madras	Productive—Unlimited liability	349 7 0	...	9 0 0	...	...	500 0 0	433 10 1	3,347 7 10	...	8 5 7	5,572 7 10	1,421
TOTAL	.....	349 7 0	...	9 0 0	...	..	500 0 0	433 10 1	3,347 7 10	...	8 5 7	5,572 7 10	1,421
Madras	Distributive—Limited liability	2,114 7 11	2,853 10 4	807 15 8	81,019 0 7	...	...	59,150 15 8	18,885 7 6	.	657 8 4	2,37,907 9 2	3,341
United Provinces	Ditto	...	17,500 0 0	...	250 0 0	...	...	...	95 8 2	...	39 3 10	2,616 10 9	9
TOTAL	.....	2,114 7 11	20,353 10 4	807 15 8	81,269 0 7	...	...	59,150 15 8	18,980 15 8	...	696 12 2	2,40,524 3 11	3,351
GRAND TOTAL	.....	33,798 0 4	2,16,704 15 9	9,124 12 2	2,72,981 14 1	33,900 0 0	31,384 2 4	5,99,316 14 5	4,03,788 6 6	1,329 5 10	51,687 3 4	2,80,895 11 3	51,733

STATEMENT II—B.

BURSEMENTS—FROM 1st APRIL 1906 TO 30th JUNE 1907.

Urban Societies.

Total income of year.	Total inclusive of opening balance.	DISBURSEMENTS.															
		Share capital withdrawn.	Deposits withdrawn.	Loans repaid to			Loans to members.	Loans to other societies.	Interest paid on loans and deposits.	Dividend and bonus paid.	Stock bought.	Establishment and contingencies.	Other items.	Carried to reserve.	Total expenditure.	Closing balance.	Remarks.
				Government.	Other societies.	Non-members.											
15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
2,19,902 9 6	2,22,774 10 2	8,406 12 4	49,249 5 10	...	1,700 0 0	12,133 12 3	1,31,023 0 0	1,000 0 0	3,786 12 4	307 14 1	...	1,949 9 3	814 8 9	414 0 11	2,10,785 11 9	11,988 14 5	
1,40,714 1 11	1,53,472 13 10	81 0 0	9,828 12 4	...	...	107 6 0	1,06,958 7 2	14,600 0 0	298 1 8	796 5 4	162 9 0	1,533 13 6	3 8 4	...	1,34,379 15 4	19,092 14 6	
40,870 0 10	41,284 5 3	260 0 0	2,222 0 8	...	...	700 0 0	35,052 8 0	...	127 12 6	198 5 8	...	57 2 6	...	384 2 4	39,601 15 8	1,682 5 7	* From reserve fund
8,65,977 2 8	8,74,837 3 1	145 0 0	342 15 8	...	...	77,951 14 7	6,13,978 5 0	1,04,003 10 0	6,456 6 3	2,054 14 6	920 4 6	4,401 9 0	6,451 13 2	27,286 10 5	8,43,993 8 1	30,843 11 0	
...	...	...	...	...	..	...	...	...	...	..	...	...	...	...	...	...	
6426 12 1	6,734 4 10	...	601 0 0	...	...	..	5,445 0 0	...	...	...	8 3 0	38 5 0	87 9 0	...	6,180 1 0	554 3 10	
76,516 15 6	78,034 9 3	168 0 0	3,489 0 0	...	..	1,060 0 0	65,838 0 0	1,900 0 0	336 8 4	427 0 8	...	550 4 8	45 0 0	123 1 0	73,939 14 8	4,094 10 7	
52,580 1 5	56,272 5 5	245 0 0	556 8 0	...	...	...	40,561 0 0	1,000 0 0	5 8 0	265 0 0	13 15 0	368 7 1	7,133 0 9	1,612 6 6	51,761 13 4	4,510 8 1	
14,03,047 11 11	14,33,410 3 10	9,306 12 4	66,289 10 6	...	1,700 0 0	91,953 0 10	9,99,466 5 2	1,22,503 10 0	11,011 1 1	4,049 8 3	1,104 15 6	8,899 3 0	14,535 8 0	29,823 5 2	13,60,642 15 10	72,767 4 0	
28,286 2 1	28,286 2 1	8 0 0	740 0 0	...	...	2800 0 0	23,400 0 0	...	405 10 2	...	...	336 9 2	152 11 0	...	27,842 14 4	443 3 9	
9,465 7 5	9,837 14 5	...	...	...	...	...	7,561 0 0	...	77 9 2	...	...	49 10 9	...	...	7,708 3 11	2,129 10 3	
1,195 9 6	1,195 9 6	...	...	...	...	...	1,100 8 0	...	12 8 0	...	...	9 3 6	...	...	1,122 3 6	73 6 0	
38,947 3 0	39,319 9 9	8 0 0	740 0 0	..	...	2,800 0 0	32,081 8 0	...	495 11 4	...	...	395 7 5	152 11 0	...	36,073 5 9	2,646 4 0	
1,011 5 7	1,011 5 7	...	...	..	...	..	11 0 0	..	...	...	...	304 13 3	595 15 6	..	911 12 9	99 8 10	
73,412 9 9	74,011 12 6	...	24 15 0	...	...	4,217 0 9	...	...	...	...	54,363 10 0	2,883 14 6	7,334 8 0	...	68,824 0 3	5,187 12 3	
74,423 15 4	75,023 2 1	...	24 15 0	...	...	4,217 0 9	11 0 0	...	...	...	54,363 10 0	3,188 11 9	7,930 7 6	...	69,735 13 0	5,287 5 1	
11,292 13 7	11,642 4 7	...	...	...	...	458 13 3	3,355 13 3	...	75 0 0	...	5,032 4 3	176 14 3	1,688 8 4	...	10,787 5 4	854 15 3	
11,292 13 7	11,642 4 7	...	...	...	...	458 13 3	3,355 13 3	...	75 0 0	...	5,032 4 3	176 14 3	1688 8 4	..	10,787 5 4	854 15 3	
4,04,623 14 2	4,06,738 6 1	271 7 9	73,861 13 7	..	..	37,386 10 7	30,166 6 8	...	543 5 7	1,818 7 0	2,45,648 2 10	6,754 11 8	4,780 14 4	1,243 0 0	4,02,475 0 0	4,263 6 1	
20,510 15 3	20,510 15 3	2 8 0	250 0 0	...	..	..	2,816 0 0	8,000 0 0	...	...	5,847 2 4	222 1 3	...	...	17,137 11 7	3,373 3 8	
4,25,134 13 5	4,27,249 5 4	273 15 9	74,111 13 7	...	...	37,386 10 7	32,982 6 8	8,000 0 0	543 5 7	1,818 7 0	2,51,495 5 2	6,976 12 11	4,780 14 4	1,243 0 0	4,19,612 11 7	7,636 9 9	
19,52,846 9 3	19,86,644 9 7	9,588 12 1	1,41,166 7 1	...	1,700 0 0	1,36,815 9 5	10,67,897 1 1	1,30,503 10 0	12,125 2 0	5,867 15 3	3,11,996 2 11	19,637 1 4	29,688 1 2	31,096 5 2	18,97,452 3 6	80,192 6 1	

Province.	Kind of Society.	RECEIPTS.												
						Loans from other sources.								
		Opening balance.	Share payments.	Entrance fees.	Deposits by members.	Government.	Other societies.	Non-members.	Loans repaid by members.	Loans repaid by other societies.	Interest received.	Sale proceeds of stock.	Other income.	Total income of year.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
		R a. p.	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a.*
Madras . .	Cash—Limited liability . .	5,104 7 9	9,080 0 0	161 0 0	2,495 0 0	3,200 0 0	6,500 0 0	7,104 0 0	44,510 12 4	700 0 0	4,233 15 1	...	364 2 6	78,348 13
Punjab . .	Ditto . .	...	...	...	...	Included in the statistics of cash unlimited societies.				...	...	...	...	...
Burma . .	Ditto . .	1 5 9	730 0 0	...	...	..	111 8 5*	3,300 0 0	9,740 0 0	...	1,673 7 3	...	...	15,555 0
Coorg . . .	Ditto . .	7,246 9 1	5,955 4 7	482 0 0	1,480 0 0	1,900 0 0	1,165 15 10	...	14,827 0 9	...	1,332 1 4	...	147 7 0	27,289 13
TOTAL .	.....	12 352 6 7	15,765 4 7	643 0 0	3,975 0 0	5,100 0 0	7,777 8 7	10,404 0 0	69,077 13 1	700 0 0	7,239 7 8	...	511 9 6	1,21,193 11
Madras . .	Cash—Unlimited liability .	530 13 11	17,228 0 0	1,159 4 0	19,799 0 0	18,600 0 0	46,200 0 0	3,045 0 0	32,187 12 0	...	2,802 12 3	...	161 9 9	1,41,183 6
Bombay . .	Ditto . .	33,133 1 3	520 0 0	2,403 0 0	33,114 4 0	17,700 0 0	13,200 0 0	2,100 0 0	68,594 7 3	...	5,072 4 8	...	199 5 3	1,42,903 5
Bengal . .	Ditto . .	7,220 9 11	1,110 0 0	1,835 2 0	11,167 5 10	5,815 0 0	4,651 11 2½	35,335 10 0½	43,274 5 6	1,270 0 0	7,056 14 9	11 1 0	3,844 9 1½	1,15,371 11
United Provinces .	Ditto . .	5,266 8 2	...	3,265 4 0	27,730 12 4	21,300 0 0	1,04,402 12 8	9,808 14 4	96,09: 14 5	...	7,823 3 8	...	1,038 14 3	2,71,461 11
Punjab . .	Ditto † . .	19,479 0 0	85,517 0 0	14,944 0 0	93,353 0 0	43,000 0 0	...	...	60,268 0 0	...	5,476 0 0	...	34 0 0	3,03,192 0
Burma .	Ditto . .	2,581 13 1	16,545 0 0	...	1,600 0 0	6,850 0 0	9,533 12 7	26,600 0 0	93,873 12 0	...	10,917 13 7	11 5 6	...	1,65,931 11
Eastern Bengal and Assam.	Ditto . .	722 10 5	...	856 8 0	14,722 9 8	8,350 0 0	1,900 0 0	1,340 0 0	7,467 8 9	...	976 14 8	...	17 9 0	35,631 2
Central Provinces and Berar.	Ditto . .	2,215 11 6	4,270 0 0	384 4 0	8,787 0 0	...	...	1,328 0 0½	41,727 8 0	...	3,316 4 3	...	115 15 9	59,929 0
Ajmer . . .	Ditto . .	467 0 0	...	1 8 0	6 0 0	...	...	..	662 0 0	...	41 11 5	...	...	711 3
TOTAL .	.....	71,617 4 3	1,25,190 0 0	24,848 14 0	2,10,279 15 10	1,22,215 0 0	1,79,888 4 5½	79,557 8 4½	4,44,147 3 11	1,270 0 0	43,483 15 3	22 6 6	5,411 15 1½	12,36,315
United Provinces .	Productive—Unlimited liability .	...	...	...	...	...	Statistics not given.		...	...	..	...	...	...
TOTAL .	.....	...	...	...	...	...	...	...	...	...	...	...	...	...
Bengal . .	Distributive—Unlimited liability	...	...	...	...	...	Statistics not given.		...	...	...	...	...	...
GRAND TOTAL .	... ..	83,969 10 10	1,40,955 4 7	25,491 14 0	2 14,254 15 10	1,27,315 0 0	1,87,665 13 0½	89,961 8 4½	5,13,225 1 0	1,970 0 0	50,723 6 11	22 6 6	5,923 8 7½	13,57,508 1

ATEMENT II-C.

EMENTS—*from 1st April 1906 to 30th June 1907.*

Rural Societies.

	Total inclusive of opening balance.	DISBURSEMENTS.															
		Share capital withdrawn.	Deposits withdrawn.	Loans repaid to			Loans to members.	Loans to other societies.	Interest paid on loans and deposits.	Dividend and bonus paid.	Stock bought.	Establishment and contingencies.	Other items.	Carried to reserve.	Total expenditure.	Closing balance.	Remarks.
				Government.	Other societies.	Non-members.											
	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
	R a. p.	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	
11	83,453 5 8	1,964 10 7	2,685 0 0	...	650 0 0	1,835 0 3	69,873 4 0	...	1,583 8 9	...	...	848 12 0	181 4 6	799 12 8	80,421 4 9	3,032 0 11	
	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
0	15,556 5 9	340 0 0	1,500 0 0	...	...	...	12,020 0 0	...	303 8 6	...	10 0 0	143 2 0	...	1,211 8 9	15,528 3 3	28 2 6	* From reserve fund.
6	34,536 6 7	44 0 0	290 0 0	242 3 2	...	...	27,046 0 0	402 2 0	274 1 2	...	...	262 11 9	19 5 7	2,437 13 6	31,018 5 2	3,518 1 5	
5	1,33,546 2 0	2,348 10 7	4,475 0 0	242 3 2	650 0 0	1,835 0 3	1,08,939 4 0	402 2 0	2,161 2 5	...	10 0 0	1,254 9 9	200 10 1	4,449 2 11	1,26,967 13 2	6,578 4 10	
0	1,41,714 3 11	160 0 0	1,295 0 0	...	750 0 0	503 0 0	1,27,862 12 0	...	1,404 11 11	...	...	757 13 0	42 14 11	216 3 0	1,32,992 6 10	8,721 13 1	
2	1,76,036 6 5	...	133 0 0	...	768 3 5	...	1,30,048 12 0	...	2,072 11 6	284 10 2	...	840 12 10	16 11 3	..	1,34,164 13 2	41,871 9 3	
5½	1,22,592 5 4½	25 0 0	2,565 0 9	1,198 0 0	...	4,874 8 10	90,085 9 5	2,030 0 0	3,084 13 5	...	...	293 1 6	3,127 1 8	4,651 11 2½	1,11,934 14 9½	10,657 6 7	
8	2,76,728 3 10	...	1,562 1 9	81 9 5	16,719 4 8	2,178 2 9	2,21,643 13 9	...	3,177 6 11	...	...	528 3 0	563 2 4	4,488 2 2	2,50,941 14 9	25,786 5 1	
0	3,22,671 0 0	...	2,808 0 0	...	...	...	2,62,647 0 0	...	211 0 0	..	...	1,537 0 0	...	...	2,67,203 0 0	55,468 0 0	† Includes one cash limited liability society.
8	1,08,513 8 9	1,050 0 0	..	...	...	...	1,55,825 0 0	...	107 0 0	13 7 9	...	1,199 14 0	...	9,533 12 7	1,67,729 2 4	784 6 5	
1	36,353 12 6	...	50 0 0	...	248 0 0	90 0 0	30,717 6 6	...	370 3 4	...	...	194 2 3	...	...	31,669 12 1	4,684 0 5	
0	62,144 11 6	150 0 0	1,316 0 0	...	...	328 0 0	52,384 12 9	...	172 12 0	359 3 9	1 0 0	260 4 11	125 11 9	1,491 15 6	56,589 12 8	5,554 14 10	‡ Includes R500 from Court of Wards.
5	1,178 3 5	...	500 0 0	...	...	...	290 0 0	...	43 1 2	...	...	...	...	...	833 1 2	345 2 3	
5½	13,07,982 7 8½	1,385 0 0	10,229 2 6	1,279 9 5	18,485 8 1	7,973 11 7	10,71,505 2 5	2,030 0 0	10,643 12 3	657 5 8	1 0 0	5,611 3 6	3,875 9 11	20,381 12 5½	11,54,058 13 9½	1,53,873 9 11	
	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
	...	...	...	...	...	...	...	...	..	...	...	...	...	...	...	...	
	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
10½	14,41,478 9 8½	3,733 10 7	14,704 2 6	1,521 12 7	19,135 8 1	9,808 11 10	11,80,444 6 5	2,432 2 0	12,804 14 8	657 5 8	11 0 0	6,865 13 3	4,076 4 0	24,830 15 4½	12,81,026 10 11½	1,60,451 14 9	

STATEMENT III-A.

PROFIT AND LOSS ACCOUNT—*from 1st April 1906 to 30th June 1907.*

Central Societies (lending to or dealing with other Societies only).

Province.	Kind of Society.	Profit.				Loss.					Net profit + or loss—	Remarks.
		Interest earned.	Gross profit on sales of stock.	Other items.	Total.	Interest paid and due.	Establishment and contingent charges paid and due.	Debts written off.	Depreciation of stock.	Other Items.		
1	2	3	4	5	6	7	8	9	10	11	12	13
		R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
Madras	Cash—Limited liability	3,410 2 6	...	135 14 6	3,546 1 0	2,438 2 8	268 7 11	..	...	13 12 4	+825 10 1	
Central Provinces and Berar . .	Ditto	...	...	...	...	Statistics not given.		...	...	...	.....	
TOTAL .	.....	3,410 2 6	...	135 14 6	3,546 1 0	2,438 2 8	268 7 11	...	..	13 12 4	+825 10 1	
United Provinces	Cash—Unlimited liability	9,795 11 9	29 13 3	280 1 6	10,105 10 6	4,024 14 4	631 13 3	...	...	49 4 10	+4,799 10 1	
Central Provinces	Ditto	351 1 0	...	14 5 0	365 6 0	233 2 7	100 3 5	...	...	...	+32 0 0	
TOTAL .	.....	10,146 12 9	29 13 3	294 6 6	10,471 0 6	4,858 0 11	732 0 8	...	...	49 4 10	+4,831 10 1	
GRAND TOTAL . .	.....	13,556 15 3	29 13 3	430 5 0	14,017 1 6	7,296 3 7	1,000 8 7	...	...	63 1 2	+5,657 4 2	

STATEMENT III-B.

PROFIT AND LOSS ACCOUNT—FROM 1ST APRIL 1906 TO 30TH JUNE 1907.

Urban Societies.

Province.	Kind of Society.	Profit.				Loss.					Net profit + or loss —.	Remarks.
		Interest earned.	Gross profit on sales of stock.	Other items.	Total.	Interest paid and due.	Establishment and contingent charges paid and due.	Debts written off.	Depreciation of stock.	Other items.		
1	2	3	4	5	6	7	8	9	10	11	12	13
		R a. p.	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	
Madras	Cash-Limited liability	10,112 3 4	...	2,731 12 10	12,844 0 2	6,517 4 10	2,005 9 1	...	...	124 12 2	+4,196 6 1	
Bombay	Ditto	4,693 14 7	...	759 12 10	5,453 11 5	809 4 10	2,854 5 11	...	...	16 8 0	+1,773 8 8	
Bengal	Ditto	1,500 15 9	...	135 0 0	1,635 15 9	544 8 5	144 14 6	...	...	134 0 6	+812 8 4	
United Provinces	Ditto	46,120 10 6	31 3 6	7,370 4 9	53,522 2 9	15,981 8 11	5,380 11 1	...	...	799 11 5	+31,360 3 4	
Punjab	Ditto	816 0 0	...	526 0 0	1,342 0 0	...	348 0 0	...	...	994 0 0	...	
Burma	Ditto	200 5 7	...	3 14 6	204 4 1	...	134 1 0	...	...	...	+70 3 1	
Eastern Bengal and Assam	Ditto	4,193 10 10	...	731 4 3	4,924 15 1	605 14 3	520 8 9	...	...	...	+3,798 8 1	
Central Provinces and Berar	Ditto	1,385 15 1	...	12 5 4	1,398 4 5	319 7 2	456 0 4	...	...	2 7 6	+620 5 5	
Total	.....	69,023 11 8	31 3 6	12,270 6 6	81,325 5 8	24,778 0 5	11,844 2 8		...	2,071 7 7	+42,631 11 0	
Madras	Cash-Unlimited liability	1,119 7 3	...	264 8 4	1,383 15 7	869 14 9	358 9 2	...	...	...	+155 7 8	
Bombay	Ditto	290 10 11	...	87 0 0	377 10 11	127 7 1	39 2 9	...	...	...	+211 1 1	
Bengal	Ditto	66 9 2	...	31 6 3	97 15 5	44 15 9	9 3 6	...	...	...	+43 13 2	
Total	.....	1,476 11 4	...	382 14 7	1,859 9 11	1,042 5 7	406 15 5	...	...	...	+410 4 11	
Madras	Productive-Limited liability	0 1 10	...	792 12 0	792 13 10	6 4 0	394 13 3	...	...	477 4 0	+4 8 7	
United Provinces	Ditto	...	6,630 11 0	554 5 9	7,185 0 9	...	1,622 15 3	...	...	3,263 11 3	+2,298 6 3	
Total	.....	0 1 10	6,630 11 0	1,347 1 9	7,977 14 7	6 4 0	1,927 12 6	...	...	3,740 15 3	+2,302 14 10	
Madras	Productive-Unlimited liability	58 7 6	469 9 11	14 9 6	542 10 11	109 6 0	185 14 3	...	0 11 0	99 8 4	+147 3 4	
Total	.....	58 7 6	469 9 11	14 9 6	542 10 11	109 6 0	185 14 3	...	0 11 0	99 8 4	+147 3 4	
Madras	Distributive-Limited liability	908 15 2	12,431 8 2	1,283 15 0	14,624 6 4	1,148 8 9	6,984 0 2	...	...	107 9 6	+6,384 3 11	
United Provinces	Ditto	261 13 8	103 6 9	...	365 4 5	...	358 4 9	...	...	11 14 9	−4 15 1	
Total	.....	1,170 12 10	12,534 14 11	1,283 15 0	14,989 10 9	1,148 8 9	7,342 4 11	...	...	119 8 3	+6,379 4 10	
Grand total	.....	71,729 13 2	19,666 7 4	15,298 15 4	1,06,695 3 10	27,084 8 9	21,707 1 9	...	0 11 0	6,031 7 5	+51,871 6 11	

STATEMENT III-C.

PROFIT AND LOSS ACCOUNT—FROM 1ST APRIL 1906 TO 30TH JUNE 1907.

Rural Societies.

Province.	Kind of Society.	Profit.				Loss.					Net profit + or loss —.	Remarks.
		Interest earned.	Gross profit on sales of stock.	Other items.	Total.	Interest paid and due.	Establishment and contingent charges paid and due.	Debts written off.	Depreciation of stock.	Other items.		
1	2	3	4	5	6	7	8	9	10	11	12	13
		R a. p.	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	
Madras	Cash-Limited liability	5,752 8 7	...	410 10 7	6,163 3 2	2,131 14 9	854 3 7	...	...	14 6 7	+3,162 10 3	
Punjab	Ditto	...	...	Included in the statistics of cash-unlimited societies.							...	
Burma	Ditto	1,779 3 3	...	...	1,779 3 3	393 8 6	174 2 0	...	...	...	+1,211 8 9	
Coorg	Ditto	1,333 1 4	...	731 9 0	2,063 10 4	274 1 2	262 11 9	...	...	19 5 7	+1,507 7 10	
Total	.....	8,863 13 2	...	1,142 3 7	10,006 0 9	2,799 8 5	1,291 1 4	...	...	33 12 2	+5,881 10 10	
Madras	Cash-Unlimited liability	5,333 8 9	...	1,285 1 9	6,618 10 6	2,950 14 3	793 13 0	...	...	6 2 11	+2,867 12 4	
Bombay	Ditto	6,456 1 0	...	2,586 6 7	9,042 7 7	2,758 5 2	784 13 8	...	...	...	+5,499 4 9	
Bengal	Ditto	9,282 4 3	10 14 6	1,950 0 9½	11,243 3 6½	4,550 11 9	302 2 6	...	...	22 5 1	+6,368 0 2½	
United Provinces	Ditto	11,551 6 2	...	3,848 2 3	15,399 8 5	5,995 6 6	735 9 3	...	...	477 4 5	+8,191 4 3	
Punjab	Ditto	15,432 0 0	...	...	15,432 0 0	3,806 0 0	...	...	...	...	+11,626 0 0	* Includes one cash-limited liability society.
Burma	Ditto	12,303 8 10	11 5 6	...	12,314 14 4	428 4 9	1,239 8 0	...	...	10 0 0	+10,637 1 7	
Eastern Bengal and Assam	Ditto	1,787 0 3½	...	874 6 9	2,661 7 ½	791 5 11½	194 2 3	...	...	...	+1,672 14 10	
Central Provinces and Berar	Ditto	3,316 4 3	...	32 8 9	3,348 13 0	538 12 6	439 14 8	...	...	19 2 6	+2,350 15 4	
Ajmer	Ditto	42 11 11	...	...	42 11 11	52 0 3	...	...	...	...	−9 4 4	
Total	.....	65,504 13 5½	22 4 0	10,576 10 10½	76,103 12 4	21,874 13 1½	4,489 15 4	...	...	534 14 11	+49,204 0 11½	
United Provinces	Productive-Unlimited liability	...	...	...	...	Statistics not given		...	...	...	...	
Total	.....	...	...	...	...	...	...	...	...	...	...	
Bengal	Distributive-Unlimited liability	...	...	...	...	Statistics not given		...	...	...	...	
Grand total	.....	74,368 10 7½	22 4 0	11,718 14 5½	86,109 13 1	24,674 5 6½	5,781 0 8	...	...	568 11 1	+55,085 11 9½	

STATEMENT IV-A.

BALANCE SHEET AS AT 30TH JUNE 1907.

Central Societies (lending to or dealing with other Societies on

Province.	Kind of Society.	ASSETS.												
		Cash in hand and bank.	Loans due by members.	Loans due by other societies.	Interest due on columns 4 and 5.	Value of stock in hand.	Other items.	Total assets.	Loans from non-members.	Loans from other societies.	Interest due on loans in columns 10 and 11.	Loans from Government.	Interest due to Government.	Total of columns 10 to 14
1	2	3	4	5	6	7	8	9	10	11	12	13	14	1
		R a. p.	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R*
Madras . . .	Cash—Limited liability . .	754 14 3	...	80,500 0 0	1,636 14 0	...	...	82,891 12 3	7,000 0 0	...	144 10 1	...	...	7,144
Central Provinces and Berar.	Ditto . .	...	...	...	...	..	...	...	...	...	Statistics not given.	..	...	.
Total .	.....	754 14 3	...	80,500 0 0	1,636 14 0	...	...	82,891 12 3	7,000 0 0	...	144 10 1	...	...	7,144
United Provinces .	Cash—Unlimited liability . .	3,815 5 0	69,675 5 11	6,672 5 7	1,564 9 2	2,724 3 7	16 7 0	84,468 4 3	28,472 1 3	22,915 0 0	1,091 4 0	10,503 4 0	..	62,981
Central Provinces and Berar.	Ditto	505 10 7	4,665 0 0	...	56 10 3	200 0 0	7 2 9	5,434 7 7	2,800 0 0*	1,000 0 0	231 6 10	500 0 0	..	4,531
Total .	.....	4,320 15 7	74,340 5 11	6,672 5 7	1,621 3 5	2,924 3 7	23 9 9	89,902 11 10	31,272 1 3	23,915 0 0	1,322 10 10	11,003 4 0	..	67,513
GRAND TOTAL .	.....	5,075 13 10	74,340 5 11	87,172 5 7	3,258 1 5	2,924 3 7	23 9 9	1,72,794 8 1	38,272 1 3	23,915 0 0	1,467 4 11	11,003 4 0	...	74,657

y).

	LIABILITIES.										
	Share capital.	Deposits by members.	Interest due on members' deposits.	Dividends due to members.	Total due to members (columns 16 to 19).	Establishment and contingent charges.	Other items.	Total liabilities.	Profit + and loss —.	Reserve fund.	REMARKS.
5	16	17	18	19	20	21	22	23	24	25	26
	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
10 1	6,900 0 0	66,200 0 0	1,794 1 1	15 6 9	74,909 7 10	12 0 0	0 0 3	82,066 2 2	+825 10 1	5 2 0	
...	...	...	...	...	...	...	...	...	...	...	
10 1	6,900 0 0	66,200 0 0	1,794 1 1	15 6 9	74,909 7 10	12 0 0	0 0 3	82,066 2 2	+825 10 1	5 2 0	
9 3	...	14,732 8 3	398 10 0	...	15,131 2 3	46 8	30 0 0	78,189 3 6	+6,279 0 9	2,008 8 0	
6 10	...	678 0 0	1 11 9	...	679 11 9	...	...	5,211 2 7	+223 5 0	200 0 0	*Includes R800 from Court of Wards.
0 1	...	15,410 8 3	400 5 9	...	15,810 14 0	46 8 0	30 0 0	83,400 6 1	+6,502 5 9	2,208 8 0	
10 2	6,900 0 0	81,610 8 3	2,194 6 10	15 6 9	90,720 5 10	58 8 0	30 0 3	1,65,466 8 3	+7,327 15 10	2,213 10 0	

STATEMENT IV-B.

BALANCE SHEET AS AT 30TH JUNE 1907.

Urban Societies.

Province.	Kind of Society.	ASSETS.													
		Cash in hand and bank.	Loans due by members.	Loans due by other societies.	Interest due on columns 4 and 5.	Value of stock in hand.	Other items.	Total assets.	Loans from non-members.	Loans from other societies.	Interest due on loans in columns 10 and 11.	Loans from Government.	Interest due to Government.	Total of columns 10 to 14.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
		R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
Madras . . .	Cash—Limited liability . .	11,988 14 5	1,22,231 11 11	1,000 0 0	1,770 6 4	...	597 7 0	1,37,588 7 8	42,417 4 11	15,800 0 0	1,660 5 9	...	...	59,877 10 8	22
Bombay . . .	Ditto . . .	19,092 14 6	95,911 11 2	24,431 12 7	*2,843 2 10	164 9 0	850 14 8	1,43,293 0 9	3,696 6 10	...	28 11 1	28,450 0 0	...	32,175 1 11	65
Bengal . . .	Ditto . . .	1,682 5 7	15,814 9 10	...	89 8 8	..	...	17,586 8 1	..	384 2 4	...	...	...	384 2 4	8
United Provinces .	Ditto . . .	52,525 11 8	4,76,481 11 11	1,23,893 14 10	15,583 1 7	795 6 3	1,516 10 8	6,70,796 8 11	4,19,377 5 3	1,800 0 0	7,272 4 2	5,100 0 0	...	4,33,549 9 5	1,30
Punjab . . .	Ditto . . .	4,833 0 0	12,949 0 0	...	...	...	...	17,782 0 0	...	...	...	...	...	...	9
Burma . . .	Ditto . . .	554 3 10	3,895 0 0	...	72 1 0	8 3 0	..	4,529 7 10	...	...	...	...	...	...	4
Eastern Bengal and Assam.	Ditto . . .	4,220 11 7	44,005 9 0	1,400 0 0	557 3 5	...	45 0 0	50,228 8 0	5,366 15 0	...	103 2 10	11,650 0 0	...	17,120 1 10	21
Central Provinces and Berar.	Ditto . . .	4,519 5 1	24,293 1 9	1,000 0 0	409 2 8	13 15 0	20 0 0	30,255 8 6	4,525 0 0	...	108 10 11	2,000 0 0	...	6,633 10 11	17
TOTAL .	... .	99,417 2 8	7,95,582 7 7	1,51,725 11 5	21,324 10 6	980 1 3	3,030 0 4	10,72,060 1 9	4,75,383 0 0	17,984 2 4	9,173 2 9	47,900 0 0	...	5,49,740 5 1	2,84
Madras . . .	Cash—Unlimited liability . .	443 3 9	23,120 0 0	...	18 11 3	...	...	23,581 15 0	4,805 0 0	11,000 0 0	308 6 3	..	..	16,113 6 3	7
Bombay . . .	Ditto . . .	2,129 10 3	6,670 0 0	...	†193 7 1	...	30 12 0	9,023 13 4	..	...	...	3,700 0 0	...	3,700 0 0	
Bengal . . .	Ditto . . .	73 6 0	884 8 0	...	18 5 11	...	..	976 3 11	900 0 0	...	32 7 9	...	...	932 7 9	
TOTAL .	.....	2,646 4 0	30,674 8 0	...	230 8 3	...	30 12 0	33,582 0 3	5,705 0 0	11,000 0 0	340 14 0	3,700 0 0	..	20,745 14 0	3
Madras . . .	Productive—Limited liability .	99 8 10	...	...	...	...	148 11 6	248 4 4	2 0 0	200 0 0	6 4 0	...	...	208 4 0	
United Provinces .	Ditto . . .	5,187 12 3	101 14 3	...	..	26,681 8 9	8,456 9 0	39,827 12 3	...	...	...	...	...	...	33
TOTAL .	.....	5,287 5 1	101 14 3	...	...	26,681 8 9	8,605 4 6	40,076 0 7	2 0 0	200 0 0	6 4 0	...	...	208 4 0	33
Madras . . .	Productive—Unlimited liability .	854 15 3	470 6 4	...	50 1 11	136 2 2	181 6 7	1,693 0 3	5 5 2	1,500 0 0	34 6 0	...	...	1,539 11 2	
TOTAL .	.....	854 15 3	470 6 4	...	50 1 11	136 2 2	181 6 7	1,693 0 3	5 5 2	1,500 0 0	34 6 0	...	..	1,539 11 2	
Madras . . .	Distributive—Limited liability .	4,263 6 1	11,331 12 0	...	271 9 4	26,556 15 6	839 2 3	43,262 13 2	22,591 6 4	...	480 13 8	...	...	23,072 4 0	
United Provinces .	Ditto . . .	3,373 3 8	2,720 7 10	8,000 0 0	213 14 10	3,203 3 8	226 14 10	17,737 12 10	...	...	...	...	...	...	17
TOTAL .	.....	7,636 9 9	14,052 3 10	8,000 0 0	485 8 2	29,760 3 2	1,066 1 1	61,000 10 0	22,591 6 4	...	480 13 8	...	...	23,072 4 0	23
	GRAND TOTAL .	1,15,842 4 9	8,40,881 8 0	1,59,725 11 5	22,090 12 10	56,957 15 4	12,913 8 6	12,08,411 12 10	5,03,686 11 6	30,684 2 4	10,035 8 5	50,900 0 0	...	5,95,306 6 3	3,4

LIABILITIES.

Share capital.	Deposits by members.	Interest due on members' deposits.	Dividends due to members.	Total due to members (columns 16 to 19).	Establishment and contingent charges.	Other items.	Total liabilities.	Profit + and loss —.	Reserve fund.	REMARKS.
16	17	18	19	20	21	22	23	24	25	26
R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
,252 4 6	49,275 4 5	1,937 15 1	64 6 2	73,529 14 2	105 0 9	89 8 0	1,33,602 1 7	+3,986 6 1	458 14 11	
,873 0 0	39,017 2 4	951 1 1	321 1 11	1,06,162 5 4	3,412 6 3	39 5 0	1,41,789 2 6	+481 4 5	1,042 9 10	* Includes Rs. 434-4-8 on account of interest due on other investments.
,666 4 10	6,889 3 4	258 12 5	223 7 3	16,037 11 10	87 12 0	264 5 7	16,773 15 9	+812 8 4	1,196 10 8	
,569 0 0	63,156 3 4	1,972 5 9	787 1 0	2,02,484 10 1	734 12 0	3,744 5 11	6,40,513 5 [illegible]	+30,283 3 6	8,924 7 6	
,505 0 0	72 0 0	...	...	9,577 0 0	...	7,452 0 0	17,029 0 0	+494 0 0	259 0 0	
,376 8 0	...	7 12 6	...	4,384 4 6	...		4,384 4 6	+145 3 4	...	
,829 0 0	6,909 14 4	171 4 8	56 7 1	28,966 10 1	1 0 0	...	46,087 11 11	+3,140 12 1	342 4 0	
,416 8 0	6,567 10 9	205 4 3	294 13 3	22,484 4 3	64 13 3	...	29,182 12 8	+1,072 12 1	1,848 6 0	
,487 9 4	1,71,887 6 6	5,504 7 9	1,747 4 8	1,63,626 12 3	4,405 12 3	11,589 8 6	10,29,362 6 1	+41,416 1 10	14,052 4 11	
,393 0 0	1,741 0 0	155 14 4		7,289 14 4	22 0 0	1 2 9	23,426 7 4	+155 7 8	...	
220 0 0	4,680 0 0	56 1 11	...	4,956 1 11	10 8 0	...	8,666 9 11	+211 1 1	146 2 4	† Includes Rs. 20-1-5 on account of interest due on other investments.
...	...	...	...	...	...	...	932 7 9	+43 12 2	43 12 2	
,613 0 0	6,421 0 0	212 0 3	...	12,246 0 3	32 8 0	1 2 9	33,025 9 [illegible]	+410 4 11	189 14 6	
35 7 9	...	...	...	35 7 9	...	...	243 11 [illegible]	+4 8 7	...	
,003 0 0	16 5 9	...	65 0 0	33,084 5 9	...	3,819 0 3	36,903 6 [illegible]	+2,924 6 3	626 0 0	
,039 7 9	16 5 9	...	65 0 0	33,119 13 6	...	3,819 0 3	37,147 1 [illegible]	+2,928 14 10	626 0 0	
...	...	...	...	...	12 0 0	...	1,552 11 [illegible]	+140 5 1	...	
...	...	...	...	...	13 0 0	...	1,552 11 [illegible]	+140 5 1	...	
,485 7 6	8,853 8 10	126 0 9	5 13 10	15,470 14 11	264 15 2	15 7 3	38,823 9 4	+4,439 3 10	1,786 1 2	
,497 8 0	...	...	...	17,497 8 0	245 3 8	...	17,742 11 8	—4 14 10	..	
,982 15 6	8,853 8 10	126 0 9	5 13 10	32,968 6 11	510 2 10	15 7 3	56,566 5 [illegible]	+4,434 5 0	1,786 1 2	
,122 0 7	1,87,178 5 1	5,842 8 9	1,818 2 6	5,41,961 0 11	4,961 7 1	15,425 2 9	11,57,651 1 [illegible]	+49,329 15 8	16,654 4 7	

STATEMENT IV-C.

BALANCE SHEET AS AT 30TH JUNE 19C

Rural Societies.

Province.	Kind of Society.	ASSETS.												
		Cash in hand and bank.	Loans due by members.	Loans due by other societies.	Interest due on columns 4 and 5.	Value of stock in hand.	Other items.	Total assets.	Loans from non-members.	Loans from other societies.	Interest due on loans in columns 10 and 11.	Loans from Government.	Interest due to Government.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
		R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
Madras . . .	Cash—Limited liability . .	3,032 0 11	56,847 4 9	..	2,212 4 9	...	138 10 9	62,230 5 2	7,927 15 9	6,200 0 0	217 10 2	14,250 0 0	...	
Punjab . . .	Ditto . . .	...	...	...	...	...	...	...	...	Included in the statistics of cash unlimited societies		...		
Burma . . .	Ditto . . .	1,128 2 6	8,650 0 0	...	105 12 0	110 0 0	...	9,993 14 6	3,000 0 0	.	90 0 0	2,000 0 0	...	
Coorg . . .	Ditto . . .	5,192 1 1	13,905 13 10	300 0 0	...	...	.	19,397 14 11	...	300 0 0	...	3,657 12 10	...	
TOTAL .	.....	9,352 4 6	79,403 2 7	300 0 0	2,318 0 9	110 0 0	138 10 9	91,622 2 7	10,927 15 9	6,500 0 0	307 10 2	19,907 12 10	...	
Madras . . .	Cash—Unlimited liability . .	8,721 13 1	1,07,195 0 0	...	2,666 9 10	...	3 0 0	1,18,586 6 11	3,042 0 0	46,800 0 0	885 7 5	21,950 0 0	...	
Bombay . .	Ditto	41,871 9 3	1,35,669 15 5	..	4,846 10 5*	...	204 5 2	1,82,592 8 3	4,300 0 0	24,244 9 10	558 8 6	56,000 0 0	...	
Bengal . . .	Ditto	12,653 10 7	69,066 10 11	760 0 0	3,148 10 1½	...	111 4 8	85,740 4 3½	43,841 13 2½	‡4,651 11 2½	1,384 12 5	12,933 10 0	631 1 1	
United Provinces .	Ditto . . .	30,259 5 11	1,57,254 10 9	...	3,727 6 4	..	161 4 6	1,91,402 11 6	21,121 2 8	99,777 7 7	1,885 6 1	23,233 8 7	341 11 4	1
Punjab . . .	Ditto	55,468 0 0	2,18,729 0 0	...	9,929 0 0	..	..	2,84,126 0 0	..	...	...	47,300 0 0	...	
Burma . . .	Ditto	784 6 5	1,10,225 0 0	...	1,700 4 0	532 0 0	...	1,13,241 10 5	27,200 7 1	...	338 2 0	29,060 0 0	...	
Eastern Bengal and Assam.	Ditto	4,684 0 5	27,082 0 3	...	910 2 8½	...	...	32,976 3 4½	1,620 0 0	2,652 0 0	114 6 3	9,650 0 0	106 2 11	
Central Provinces and Berar.	Ditto	5,560 12 4	27,020 4 9	...	745 8 9	...	17 15 9	33,344 9 7	2,080 0 0	1,200 0 0	70 7 0	2,700 0 0	...	
Ajmer . . .	Ditto	§345 2 3	25 0 0	...	1 0 6	...	...	371 2 9	...	...	...	100 0 0	...	
TOTAL .	.....	1,60,348 12 3	8,52,267 10 1	760 0 0	27,675 4 8	532 0 0	497 14 1	10,42,081 9 1	1,03,205 6 11½	1,79,325 12 7½	5,237 1 8	2,02,927 2 7	1,078 15 4	4
United Provinces .	Productive—Unlimited liability .	...	...	...	...	...	...	.	...	Statistics not given		...	...	
TOTAL .	... ..	...	...	...	...	...	...	...	...	...	...	...	..	
Bengal . . .	Distributive—Unlimited liability .	...	...	...	..	..	..	...	...	Statistics not given		...		
	GRAND TOTAL . . .	1,69,701 0 9	9,31,670 12 8	1,060 0 0	29,993 5 5	642 0 0	636 8 10	11,33,703 11 8	1,14,133 6 8½	1,85,825 12 7½	5,544 11 10	2,22,834 15 5	1,078 15 4	5

* Includes R759-6-0 on account of interest due on other investments.
† Debentures
‡ From reserve fund.
§ Includes R46-8-0 on account of admission fee realized from members.

LIABILITIES.											
Total of columns 10 to 14.	Share capital.	Deposits by members.	Interest due on members' deposits.	Dividends due to members.	Total due to members (columns 16 to 19).	Establishment and contingent charges.	Other items.	Total liabilities.	Profit + and loss —.	Reserve fund.	Remarks.
15	16	17	18	19	20	21	22	23	24	25	26
R a. p.	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	
28,595 9 11	15,669 5 5	13,726 0 0	848 5 1	...	30,243 10 6	205 11 6	22 11 0	59,067 10 11	+ 3,162 10 3	902 4 8	
...	...	...	...	...	...	...	...	...	...	...	
5,090 0 0	3,260 0 0	...	...	...	3,260 0 0	21 0 0	...	8,371 0 0	+ 1,622 14 6	1,512 14 6	
3,957 12 10	8,522 4 7	4,480 0 0	...	...	13,002 4 7	...	...	16,960 1 5	+ 2,437 13 6	2,437 13 6	
37,643 6 9	27,451 10 0	18,206 0 0	848 5 1	..	46,505 15 1	226 11 6	22 11 0	84,398 12 4	+7,223 6 3	4,853 0 8	
72,677 7 5	19,139 0 0	23,104 0 0	757 14 2	...	43,000 14 2	38 0 0	2 5 0	1,15,718 10 7	+ 2,867 12 4	216 3 0	
85,103 2 4	1,540 0 0†	82,291 12 2	1,802 6 0	...	85,634 2 2	213 2 8	10 8 0	1,70,960 15 2	+5,499 4 9	6,132 4 4	
63,442 15 11	2,035 0 0	12,499 15 1	625 5 1	...	15,160 4 2	9 0 0	760 0 0	79,372 4 1	+ 6,368 0 2½	11,029 11 7	
46,359 4 3	...	31,664 7 9	961 12 4	...	32,626 4 1	200 7 9	66 10 2	1,79,252 10 3	+ 12,150 1 3	2,614 6 1	
47,300 0 0	94,432 0 0	1,12,407 0 0	3,595 0 0	...	2,10,434 0 0	...	34 0 0	2,57,768 0 0	+ 26,358 0 0	...	
56,598 9 1	41,125 0 0	1,600 0 0	30 0 0	...	42,755 0 0	...	...	99,353 9 1	+ 13,888 1 4	13,035 6 1	
14,142 9 2	...	16,217 1 8	323 10 9½	..	16,540 12 5½	...	...	30,683 5 7½	+ 1,672 14 10	319 14 11	
6,050 7 0	16,060 0 0	9,021 0 0	296 0 6	527 13 9	25,904 14 3	142 9 3	7 8 6	32,105 7 0	+ 1,239 2 7	1,492 7 5	
100 0 0	...	225 0 0	8 15 1	...	233 15 1	...	...	333 15 1	+37 3 8	37 3 8	
91,774 7 2	1,74,331 0 0	2,89,030 4 8	8,400 15 11½	527 13 9	4,72,290 2 4½	603 3 8	880 15 8	9,65,548 12 10½	+70,080 8 11½	34,877 9 1	
...	...	...	...	..	...	...	..	...	...	..	
...	...	...	...	...	..	..	...	...	...	...	
..	...	...	...	...	...	...	...	...	..	...	
29,417 13 11	2,01,782 10 0	3,07,236 4 8	9,249 5 0½	527 13 9	5,18,796 1 5½	829 15 2	903 10 8	10,49,947 9 2½	77,303 15 2½	39,730 9 9	

ROYAL ASIATIC SOCIETY

Appendix 2.

Definition of "profits" referred to in section 8 and the question how the "reserve funds" mentioned in section 27 (2) (o) of the Co-operative Credit Societies Act should be built up.

The two points for decision are—

(*a*) how "profits" should be calculated; and
(*b*) how a reserve fund should be built up;

under the Co-operative Credit Societies Act, 1904. The organization of these societies is so elastic that it is impossible to dogmatize very much; but the following remarks are suggested by perfectly general considerations.

2. A society under the Act may work upon capital raised by—

Section 9. (*i*) deposits from its own members without restriction;
Section 2. (*ii*) loans from outsiders in accordance with bye-laws;
Section 27 (2) (*h*). (*iii*) shares;
Section 27 (2) (*h*). (*iv*) debentures.

Section 27 (*h*) speaks of raising capital "by means of shares or debentures *or otherwise;*" but it is not clear whether the last two words contemplate anything except deposits or loans; probably not. Section 8 of the Act prohibits any "dividend or payment on account of profits" being paid until a reserve fund is established: but "profits" is nowhere defined.

On these data, "profits" may be taken to mean—

(1) the gross interest receipts, after deducting in the order named,—
  (*a*) the working expenses of the society;
  (*b*) interest on deposits, loans and debentures: and
  (*c*) bad and doubtful debts.
(2) proceeds of the sale of stock, so far as such proceeds are applicable to the satisfaction of unpaid interest; and
(3) miscellaneous receipts, such as admission fees, etc.

If, however, the society has a share capital, item (1) (*c*) would be subject to rules, as bad debts beyond a certain prescribed limit would involve a writing-down of capital. If there is no share capital, bad and doubtful debts must clearly be a charge against profits, any such debts which may subsequently be realized being credited as profits. If the society has a separate capital account, all contribution to sinking funds for the repayment of loans should be taken to it.

3. The manner of building up a reserve fund is a matter for rules under section 27 (2) (*o*). The Act does not allow any dividend on shares or any bonus to be paid until a reserve fund has accumulated. The amount of the reserve must clearly depend on the extent of the society's liabilities and on the purposes for which the fund is to be made available. It seems impossible to lay down any general rule on the subject.

4. There was some discussion at the recent Conference of Registrars as to the purposes of a reserve; but Local Governments have not apparently framed any rules on the subject. Unless, however, a reserve is ear-marked for any particular object, it seems that it may be applied to meet any current liability of the society which the gross interest receipts of the year are unequal to meeting, *e. g.*:—

Paragraph 27.

working expenses;
interest due on borrowed capital;
instalments of loan repayments which are due; and
bad debts which are not covered by the writing-down of capital.

The amount which it is necessary to accumulate for these purposes before any dividend or bonus is divisible, must depend entirely on circumstances.

5. There is only one other general remark to be made. If the reserve is to serve its purposes properly—and especially if it is to be regarded as a security for loans to the society—it should not be employed in the ordinary business of the society, but should be safely invested, either in the Post Office Savings Bank or in some investment of the nature of a trustee stock, *e.g.*, Government paper or Municipal debentures.

Appendix 3.

Report of the Sub-Committee appointed to consider the Annual Report and Statements.

We consider that advance copies of the annual report and statements should be issued by the 15th September so as to enable the Conference to be held early in October. A later date interferes seriously with the cold weather touring.

2. We recommend that the statistics should be compiled not for individual societies, but for groups of societies or for districts.

3. *Statement I.*—We recommend that Statement I should show only two classes of societies, "Cash" and "Other"; and that two columns should be added to show working capital at the beginning and at the end of the year.

4. *Statement II.*—(*a*) We think that column 29 should not be filled up unless there is a real reserve specially invested and not carried forward to the opening balance of the next year.

(*b*) We recommend that column 3 should be put between the present columns 15 and 16, and that column 16 should show the grand total receipts including the opening balance.

(*c*) We recommend that a new column should be added after column 31, to show grand total expenditure including closing balance, which should correspond with column 16.

5. *Statement III.*—(*a*) We have considered the Central Provinces Registrar's criticism of column 2 and do not think it is sound. A profit and loss account should show the interest earned and not merely the interest received during the year.

(*b*) We recommend that a column "Total" should be inserted between columns 11 and 12 to show total loss.

(*c*) We recommend that the following footnote be added to this form :—

> "Receipts and expenditure on account of previous years, and collections and dues belonging to subsequent years, should not be shown in this statement."

6. *Statement IV.*—We recommend that column 25 should be placed after the existing column 22, so that the balance sheet may show the difference between assets and liabilities.

7. We have observed various discrepancies in the statistics submitted this year, and recommend that all Registrars should take steps to ensure that the total of the loans outstanding at the beginning of the year *plus* the loans granted during the year, should correspond with the total of the loans repaid during the year *plus* the loans outstanding at the end of the year.

8. In view of the trouble caused both to Registrars and societies by the preparation of the statements, we consider that Registrars should not be called upon to prepare any statistics other than those prescribed.

Appendix 4.

Question of summary-procedure for the recovery of co-operative societies' dues.

1. The question is a large one with different sides, and must be dealt with somewhat in bits.

Perhaps, to begin with, one might examine the term "summary-procedure," and all it may contain, more specifically.

Then one may deal directly with the two main bodies of objectionists.

Lastly, one might add any positive side or point remaining still untouched.

The subject is not a new one; as may be seen, *inter alia*, from the Government of India's letter No. 830—30-3, dated 29th May 1906, to the Punjab Government (copy sent to Local Governments). But I am dealing with the matter in a way independently and after *experience*.

2. "Summary-procedure," may be said simply to include any or more than one of the following :—

(1) decision of original decree by Revenue authority,
(2) execution of Civil (or Revenue) decree by Revenue process,
(3) decision of original decree by the society itself,
(4) execution of Civil (or its own) decree by the society itself.

In the case of (3) and (4), of course, the words may appear to be used somewhat loosely. "Arbitration" and "Decision by Panch," however, are easily understood. "Execution" in such case might find its sanction, its reference and its record with the Registrar; the specific officer specially appointed by Government to see justice done and to protect individual and communal interests. However, to avoid complication and unnecessary disagreement over minor points, we may take it that "summary-procedure" means certainly—execution by a summary-process as opposed to the process of a Civil Court; and possibly also decision of decree in a summary as opposed to civil procedure.

3. Now, it is instructive to note the readiness with which the mind dissociates any civil procedure from anything like expedition. To "go to law (civil)" and to "go to man's long home" may be almost equivalent with some people. Assuredly life for many, after proceedings are begun, cannot easily run again as smoothly as before. All the time the law is proceeding, bitterness is being bred and fostered. Wise advice was that that deprecated resort to extraneous law when brotherly arbitration was so more natural (or spiritual). In a word, civil law (I use the words loosely in a comprehensive sense) is terribly heavy, moves slowly, and is all-absorbing. It is a veritable behemoth, drinking up a river and hasting not. It is a creature made to remedy a terrible evil—namely the absence of fair play (to say nothing of brotherly feeling) between citizens of the same city. It has its use then; and its ugliness may add thereto.

4. But, what if the ugliness be more threatening to the injured than the injuring? What if the rich fraud, the cruel task-master, finds this monster beautifully in keeping with his own methods; ever ready to tread out the only breath he has himself left, because it is against his religion to take life? When it is a matter of distinguishing between individual and individual the complex centralized Governments of to-day find a task almost if not quite beyond them. Then why not adopt a method that at once settles the matter by substituting local knowledge for central intelligence?

5. "Summary," then, is to be anything "on the spot," as opposed to an extraneous something that takes long in coming.

6. Now, it is noticeable that Government having found civil law necessary to meet an evil, have also found further action necessary to expedite procedure. It is Government to whom honour is due both for the process and the expedition. Then, why treat as something strange the application by Government of one course to one case and another to another? We forget, perhaps, that the simpler preceded the complex; and the old is often better than the new. It is the mixture that does the mischief. It is the honour of Government to distinguish and divide; and to grant or withhold a privilege, to check the evil and encourage the good.

7. But who, I ask, is to be the champion of an experimental society to face the bugbear of civil proceedings as they now are; and weary himself physically and mentally, spend and be spent, in trying to bring a traitor to justice; not criminal justice unfortunately, but civil; with the bare possibility that the society will not lose on the whole proceedings? This is to recompense the altruistic individual for all his trouble.

8. To talk about the society suing as a whole is unpractical from beginning to end. It is mere theorizing. We shall never get any forwarder in true co-operation if we do not call things by their proper names and face facts apart

from their usual soft clothing. Who is to pay the bailiff? Who is to pay the Vakil's extra-fee, not included in the costs? Who is to pay travelling expenses to and from the Court? Who to pay the "batta" of the society's representative, who hangs on the legal adviser from day to day waiting to be told that a seal is necessary, a further signature required, some entry still to be made and other things may be? Fortunately perhaps cases may become so frequent (when delinquents see how little their loss compared to the society's, and how convenient to gain time) that Vakils and Courts will be familiar with co-operative law and the special privileges allowed to societies. Vakils will have no need then to charge their "extra" fee due to the novelty of the case. Nor will Courts need to postpone for further information. But the bailiff? No novelty, no familiarity, will shake his equilibrium. Does he always ask for money? Oh, no. But if you don't give, you find his visits unexpected and inconvenient; and it may take months to get him right. He has business elsewhere. Now, who in a society is to be responsible for seeing the bailiff through? Further, who will do it a second time who has already done it once? Perhaps the answer is that he won't need to, the little society having already succumbed to the first case.

9. The two main bodies of objectionists (that is those who object to the grant of summary-procedure for co-operative societies) are, we may say, (if only for the sake of argument) those who object on general grounds and those who object on "co-operative" grounds.

10. In the first class I conclude all who deprecate special legislation, all who do not favour privileges but would have one law for all, all who shrink from granting a special favour because others will ask the same.

I cannot help thinking that a point of view starting on these lines will end finally by logical procedure in negation of Government altogether. I am not of course concerned in the least with mere political problems here. I only introduce the subject for my particular purpose, and would point out that what has been written above may show that it is the discretion of substitution or application, of restitution or adjustment, that is claimed in this case for Government: not arbitrary creation.

11. But to be concise, one may say that this whole point of view turns on a consideration of the present money-lending class. Give the savkar his due of course; but don't yield to him at the expense of others: don't give the monopoly to a system that favours him, while refusing the extension of a sister system that merely treats him in company with others. We must remember—it is not a new system. "Summary-procedure" pervades the administration of India. And where it prevails things run smoothly, where it is not wheels become terribly clogged.

12. But, it is argued, (and now-a-days much weight is given to such misleading arguments)—if you give to one others will ask. Let them. Oh, but we must then give to them too. Why? Or, we shall have to go into intricate details to extricate ourselves from the charge of favouritism. Yes, it is that modern catchword "favouritism" that does all the mischief. Surely it is one of the highest privileges of Government to favour the good and disfavour the evil. The answer then to those who ask because others have been given is easy—we have given to them because they conform to the good of the community, you may have the same when you do likewise. Certainly, in the case under consideration it may readily be said to the savkar—your ways are selfish but societies' not so: you are welcome to their privileges when you conform to their methods.

13. The other, the "co-operative," objection is perhaps more subtle; less easy to see through and overcome. It is sound too, if not pressed too far. Pampering is always dangerous for a child; and a spoilt child is notorious. Even to take much notice of young people may spoil them. And it goes hard with young plants outside if kept too long in the hot-house. But, on the other hand, children and plants die without care; and grown-ups too for that matter. As the constitution so should the treatment be. And I would venture to say that "summary-procedure" is the most natural and logical procedure for co-operative societies from beginning to end; there is no forced or unnatural growth necessarily involved in it. I would suggest further that as "co-operation" has proved the logical conclusion of all attempts to settle the agricultural

question of debt, so is "summary-procedure" the only logical conclusion (not inclusion) of all the legislation that has been aimed at the release of the farmer from the trammels of civil law. It is too big a matter for this short memo. to trace the steps taken in India to defend the poor man from those, the rich, whose burden the Civil Courts made law. It may suffice to mention "registration," with its complicated impositions, as an obvious examplification of the expedients employed to protect the poor and check the avaricious. Now, the expedient was good: but as things move on its place is taken in part by a new registration; the registration of societies, whereby the rich suffers equally with the poor if either play false. The old registration clashes with the new, and is a mere burden if imposed upon it. To lighten the burden Government have kindly released the fees. Surely with the fees the burden should fall to the ground. It is as though one said to a society—you are doing exactly what we wanted to remedy defects, and the very thing for which we had to devise the more cumbrous system of registration: but we must trouble you still to conform to the old régime, though we let you off the payment therefor. But we cannot let them off the expenses incidentally incurred in connection with frequent visits to a distant (physically and morally) sub-registrar. One sub-registrar, logically enough, seems to have thought no fee no registration. He forgot evidently that registration was not made for him but for the Civil Court above. And in fact we may leave "registration" for its solution in the solving of the all-absorbing Civil Court problem.

14. If there is one thing, not principle, that co-operation wants more than another it is—truth. Legal fictions, social glamour, political politenesses are useless and worse than useless to it. Arguments not based on fact, suppositions untrue to experience, intentions not realized, and utopian theories that await a millenium, have little place in the co-operative world. Judgment by results not principles, by works not preaching, is what co-operation needs. People, true people, who will do, not only say, or write, is what it wants. Persons, genuine characters, not masked, is its desideratum. Then, why magnify legal sentiment, or political aphorisms, or suppositional principles at the expense of the genuine and just convenience of persons, acting in consonance with those above and those below? Government has two processes to offer—one tedious, the other expeditious. Why not simply lay down the circumstances under which the former will apply and those (including co-operative societies) under which the latter? The question is already assuming definite shape in connection with Banks, like "the Egyptian." Moreover, the Co-operative Act itself (X of 1904) brings it pointedly to the front in its Section 26. How can we then still look upon it as a grave innovation in co-operative principles? It is a matter of expedience, not principles. The Civil Court may continue to loom in the distance, if reference thereto be still sought. The society, presumably, knows its business best.

15. But, say some, the essence of a society is brotherly feeling, and better that the society be in its grave (or never come to birth) than be tainted with the poison of help from above. I may be excused if I express my humble opinion that, as far as the Bombay Presidency is concerned, such opinions belong to those only who have taken no active part in actual existing societies or in the organisation of new ones. I have myself, too, studied Wolff and co-operative literature carefully; I have followed out the system in theory and practice; and I cannot see, granted India, anything whatever to make one think that the assistance of Government coming through a special expedient rather than through the usual long-process would be detrimental to the co-operation of a society. On the contrary, the opposite I think might, and still may, if not remedied, hold good. Wolff is very strong against Government patronizing—with money. We are already doing that, and he is watching. We must beware surely of straining at a gnat and swallowing a camel. It is almost as though one argued (after reading some treatise on the "family," or "patriarchal life," or the like) that as the "family" should obviously be based on piety, therefore no provision against impiety was required. People forget, perhaps, that both the Patriarchal and the Panch systems had to deal with impiety (because they dealt with human beings), but had the remedy in themselves. Now, it is being said—the son should not be a thief (this is theory); if he is, the father is welcome to go to court of law; he must not

be allowed to punish the boy himself because it would militate against the brotherly-love on which the family depends. As a matter of fact, as with the family so with the society, it is that forced reference without, due to enforced disabilities within, that breaks up an establishment, perhaps irreparably. No utopian theorists or milleniumizing idealists have yet managed to prevent offences coming. Nor will a Co-operative Act, Co-operative Rules, nor even rigid by-laws and elections ever do so. This is what I mean when I say that co-operation needs facts not theories, it deals with persons not principles.

16. It remains only to close with a few more general remarks. We have found the "savkar" system as a whole bad; we have tried a Government system of "tagi", but that has only proved partial. The indebtedness of the farmer has gone on. We have introduced co-operative credit societies: we find them work: we find them even setting about doing that we have never done, namely, the redemption of old debts. They have what the savkars have not, namely, clear accounts; they aim at a cheap rate of interest for loans; they encourage thrift, self-help, friendly feelings, social discipline. They have in view a wholesale improvement of the soil (only acceptable to the cultivator when its encumbrance is removed), and friendly intercourse in the market and life generally. In fine, the co-operative movement is bent on releasing the land from its present debt and improving it so as to pay the cost now and to pay its own way to increasing prosperity in future. The society does not rise up in arms against the savkar, does not declare him an enemy in any way, does not forbid his existence; on the other hand, it asks his assistance; it offers terms of equality with others; or if he prefers to remain outside it offers self as a humble borrower. Are we then going to listen to the savkar when he says—you never gave me the special privilege of summary-procedure? If he were honest he might add in—that I might make merry with my fellow-savkars, or by myself. The savkar, the man who keeps no accounts or false ones, who cares nothing for the land and less for its people, except with the love of a parasite, in whose dictionary the words "mercy"—"morality"—"modesty" are all found under the head—"money"? I think of a class, not individuals. Anyhow, has the profession of money-lending any object in view but its own gain; and that a very individual gain? Whereas the society by profession is bound to help the people and improve the land; it may or may not make much for itself, but that much is for all, not for one. The less a society helps people generally the less true is it to its profession, the less a savkar is kindly the more he may make out of his profession.

Are we then going to allow the savkar say—you ask me to give up my high rates and lend at smaller to or through your society; but I can recover my dues more easily than you: I sue alone, and knowing the Court, and having the money; it is part of my work: but you, you are too clumsy to sue, too ignorant as a whole, too busy with your other (proper) work: suing is part of my trade and my principles; suing spoils your trade and offends your principles: thank you, I prefer my own business—?

17. Again, why double our procedure; why have double registration, why double audit? Surely Government Audit, by a specially appointed Registrar, to vouch for the correctness of a due is sufficient "decision" to satisfy all the requirements of a decree, even a public one, when it is remembered that the dealings are professedly *inter pares*? Surely the proceedings of a village society are as intelligible to the public generally as the intricacies of an Urban Court?

18. Another thing we may introduce into our consideration is the necessity for strengthening our societies against attacks in the village. We have seen how the savkar might afford to laugh at them. What of the village-officers? It is by no means a foregone conclusion that those magnates will be members. The very principles of co-operation almost forbid one, or both, or all. The old Maratha proverb classes the Kulkarni with the Sonar and the Shimpi, as one of those who take their perquisites on the way. The society particularly needs to avoid all such perquisite-taking. It deals in small profits; and a little perquisite would go a long way to ruin it. The Patil, too, may have become pompous with the assumption of authority, and disdain to be co-member with a Mahar. The better village officers, of course, are ready enough to help: but we must reckon with all sorts of hosts; and in a village the Patil and Kulkarni assuredly are such. We are practically re-introducing the "Panch"

system, and courting in part opposition from the "Patil." Why not protect the society by giving it power and dignity, save it from the precariousness of the ordinary civil procedure, and put a premium on honesty of accounts and honourableness of membership ?

19. Factions, too, have to be met with ; and Government may meet them best by affording facilities most readily to those who submit to their supervision. Societies are always open to inspection. But who ever inspects factions ? What officer ever gets to the bottom of them ? Factions may thrive by ill-deeds, but a society suffers therefrom. Why not make the society a power in the village, the power in the village for good. Societies, if possibly they proved oppressive, could be readily dissolved. The more oppressive factions are the less easy of dissolution. Of course, the society is mainly economic. But the village system is still primitive enough to be monological.

20. If Government interference of any kind is deprecated for co-operative societies then the safest way to ensure sound work and a minimum of dissension will be surely to debar them from those Courts of litigation altogether, to keep them strictly outside the Vakil-world, to leave them full discretion and their own devices. Why leave them liable at any time to bailiffs and blackmail ? And why allow their private, merely personal, affairs trouble the ears of a public Court ? But don't refuse Government interference *because* (in theory) they are never to need coercive power. But do so only if they have that power in themselves, as a father has with his child—and a rod. And who is to give that power or allow its use but Government ? And why should not Government be as forward as anyone to give all it can to help on co-operation ? It is *money* that is the dangerous gift, because if unearned it is out of place. When earned it ceases to be a gift. Societies are given Civil procedure willy-nilly, an unwelcome gift ; are they not to get the summary-procedure they have worked for ?

21. To sum up,—the four great enemies of co-operative societies are—savkars, factions, registration, etc., and Civil Courts. All these I have tried to show, are dealt with, in part anyhow, in the question of "summary-procedure." Why establish free institutions by law and then allow them to be depressed by previous legislation ? I have tried to show that that previous legislation has really been leading up to co-operation, and should bow before it when it comes. I have tried to show that it is not a question of "Government intervention" or "no Government intervention" ; but of the kind (and kindliness) of that intervention. I have tried to introduce Government as the strongest friend (as it is) of a good cause, itself the prime-mover therein. I have been jealous for the honour of Government throughout ; and if I have been hot at all, it is with not a whit of any personal bitterness. Whether I deprecate or advocate it is on behalf of Government ; and my highest hope herein is that Government will continue ever, as it has begun, in the forefront of the fight in India between honest co-operation and avaricious self-seeking, the conflict between fellow-feeling and unfriendly pride. Who will say that "co-operation" will suffer, or die, from this friendship and friendly action of Government ?

C. S. CAMPBELL,

Registrar, Co-operative Credit Societies, Bombay.

Appendix 5.

Note on the enforcement of decisions and of awards by arbitrators under section 27 (2) (p) of Act X of 1904.

This subject came under prominent notice by a case where the heirs refused to acknowledge the debt of a deceased member. The society proceeded under the rules issued by the Local Government under Notification No. 97, dated 27th December 1906, and which are similar to those issued by Government of the United Provinces.

2. When proceeding with the case it was found, that the arbitrators were powerless in summoning the attendance of persons who were required for the enquiry. An amendment of the rules seems necessary for this purpose.

3. Although the dispute herein referred to, was settled amicably, I took legal advice from the Government Pleader, Mr. T. V. Nagaratnam Pillai, B.A., B.L.,

who was of opinion that there is no procedure prescribed for the enforcement of an award. In this respect the following doubt requires to be cleared :—

Is an award legal if passed for non-payment, *i.e.*, where there is no dispute?

4. As regards the Act itself, the Government Pleader is of opinion—and I also concur with him :—"that the society is in no way better off than ordinary creditors, except, perhaps, as regards its claims under section 19 (*b*). Considering, however, the time that must necessarily elapse before the award ripens into a decree, and the decree is put into execution, I am afraid that one year's limitation prescribed by clause (*a*), within which the priority over the crops, or other agricultural produce can be claimed, would be barred."

5. Advances are ordinarily granted in May, and are payable in March. There is then only one month left for action to be taken by the society. But during this period the Courts are closed for the summer holidays. It is, moreover, not advisable to resort at once to a Civil Court, without some effort being made for an amicable settlement. This necessarily requires some time for various reasons.

6. Summarising the above, I am of opinion that the following provisions are necessary :—

(*a*) Rules for the enforcement of attendance of persons who are required for the enquiry.

(*b*) Rules prescribing the procedure for the enforcements of awards, or decisions, as provided for by the Act (section 27 (2) (*p*)).

(*c*) The amendment of the Act extending the time under section 19 (*a*) to 1½ years.

GUSTAV HALLER,

Registrar, Co-operative Credit Societies, Coorg.

MERCARA:

The 20th September 1907.

NOTIFICATION—By the Chief Commissioner of Coorg, No. 97, dated Bangalore, the 21st December 1906.

In exercise of the powers conferred by section 27 (2) (*p*) of the Co-operative Credit Societies Act, 1904 (X of 1904) the Chief Commissioner is pleased to prescribe the following rules in connection with the working of the co-operative credit societies in the province of Coorg.

1. Any dispute in respect of the business of a society between any person who—

(*a*) is or has been a member of a society, or

(*b*) claims through any one who is or has been a member; and such society or its committee or any of its officers, shall be referred to the Registrar for decision.

2. The Registrar on receiving notice of such a dispute as is referred to in Rule 1, shall either decide the dispute himself or shall refer it for arbitration to three arbitrators of whom one shall be nominated by each of the parties to the dispute and the third by the Registrar.

3. Where any party to the dispute fails to nominate an arbitrator within fifteen days after receipt of notice from the Registrar, the Registrar shall himself make the nomination.

4. In proceedings under Rule 2 before the Registrar or arbitrators the statement of the parties who attend and of such witnesses as they may produce shall be reduced to writing, and upon the evidence so recorded, and after consideration of any documentary evidence produced by either side, a decision or award, as the case may be, shall be given in accordance with justice, equity and good conscience.

5. (*i*) Any party aggrieved by an award of arbitrators may appeal to the Registrar, within one month of the date of the award.

(*ii*) Every order made by the Registrar under these rules shall be final and conclusive.

6. In proceedings under these rules neither party shall be represented by any legal practitioner.

Appendix 6.

Extract from the Proceedings of the Government of Bombay, Revenue Department, No. 9368, dated the 24th September 1907.

Read—

Letter from the Registrar of Co-operative Credit Societies, No. 973, dated 31st July 1907:—

"I have the honour to submit humbly a note,* which I have only written after much thought, feeling that the full intentions of Government were not reaching and could not reach the noble goal at which they aim without some modification of the hard and fast rules by which Government have (for the time of course rightly) bound themselves.

2. The time has now come when the idea of co-operative credit has touched the uneducated, as a rule ignorant, classes. Such classes call for gentler treatment than is required by their better to-do brethren, who are naturally the first to realise the good of the movement and the liberality of the help held out by Government. The condition of 'equal deposits, etc.,' has been excellent for such people, not of course by emphasizing the 'co-operative credit' side of the movement, but by bringing the 'agricultural bank' into actual life. Yet, one can hardly contemplate without concern for the future a strictness giving rise (like the Watan Act) to expedients, almost tricks, devised to get round conditions which seem so unnatural to the people in connection with loans. I ask, however, merely for discretion to help the less-favoured, the ones that 'have not any'—to pick up the closing words of the Government Resolution next quoted. Otherwise, the question may arise whether 'Savings Banks' rather than 'Credit Societies' are not the main object of the whole movement.

3. In Government Resolution No. 11378 of 1st December 1906, it is true Government have suggested that the open market should be counted on as much as Government for loans in circumstances somewhat speculative. But I trust I shall not be misunderstood when I lay emphasis on the fact that the money-lender is rather discouraged from lending when Government first refuse, and refuse *because* there is no cash amongst the members; while he may readily point to the provision for summary recovery which Government have secured for their own loans, while his are to go the way of all his previous ones, that tedious and unsatisfactory way of the bailiff!

4. I humbly request that the matter may receive very early consideration, and be submitted to the Government of India in time for the Annual Conference should it be thought necessary to do so. My note will be read of course not, as a criticism, but as a report of experiments and public opinion."

Memorandum from the Director of Agriculture, No. A.—4403, dated 12th August 1907:—

"Forwarded with compliments.

2. Attention is invited to this office No. A.—4375,† dated 10th instant, regarding certain specific proposals made by Commissioner Booth Tucker, and in particular to paragraphs 5 and 6.

3. All that seems necessary at present is to inquire whether the conditions laid down by the Government of India in paragraph 26 of their Resolution No. 1—63-3, dated 29th April 1904, are open to discussion now or at the next annual meeting of the Registrars. It may also be added perhaps that further experience in Bombay has confirmed the view taken by the late Registrar that in this Presidency the rule in question has operated unfortunately. A promising field for successful co-operation is at present closed for want of initial capital, and possible societies which would, in the Registrar's opinion, be likely to do good work cannot be registered because local capital is hostile and Government is debarred from assistance under the rule in question. It is not necessary to abrogate the general principle that such societies should not look to Government for aid, but must acquire by thrift at least a moiety of the funds required. But in special cases approved by the Local Government—if necessary within a limit to be imposed by the Imperial Government—special concessions may temporarily and experimentally be made with a view to test the ability of these poorer classes to manage their affairs."

RESOLUTION.—Government have only recently expressed their opinion on this point and are not prepared to re-open the subject at present. But there can be no objection to the Registrar's proposing the subject to the next Conference for discussion; and if his opinion is endorsed by the Conference, then there will be a much stronger case for a reconsideration of present orders.

M. K. NARIMAN,
Acting Under-Secretary to Government.

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* Printed as an accompaniment to this Resolution.
† Not printed.

No. 1406 of 1907.

Copy forwarded with compliments to the Secretary, Department of Revenue and Agriculture, Government of India. The subject is intended for discussion again at the coming Conference.

2. The undersigned takes the liberty to send the whole Government Resolution as it stands, as it is too late now to get the matter put up separately; and he desired his remarks in his letter to Government (No. 973, dated 31st July 1907) to accompany his Note.

C. S. CAMPBELL, *Registrar,*
Co-operative Credit Societies,
Bombay.

CAMP SATARA;
Dated the 10th October 1907.

Accompaniment to Government Resolution, Revenue Department, No. 9368, dated 24th September 1907.

Note on Government loans to co-operative credit societies.

The question has arisen how far the conditions attached by Government to their loans to co-operative credit societies are really the most suitable in practice.

2. One of the errors to which "Co-operation," perhaps more than other branches of activity, is liable is that of adherence to principles at the expense of practice.

Even in Mathematics exact calculations may be found faulty in practice; so many little factors may come into play, each too minute in itself, or too abstract, to allow of ready inclusion in a wide calculation, yet together sufficiently numerous to tell on the result of work as a whole.

In "Co-operation" the personal element is so strong that its problems are more or less soluble only in the solution of practical experiment.

3. The conditions connected with Government loans are all to be found in paragraph 26 of Government of India Resolution No. 1—63-3, dated 29th April 1904. To these may be added merely section 26 of Act X of 1904. For convenience of reference I will mention them all here, dividing them roughly into 2 classes :—

A. Conditions favouring the societies :—

1. No interest charged for 3 years from date of registration.
2. No payment required for „ „ „
3. Interest thereafter only 4 per cent.
4. Annual instalments thereafter not to exceed $\frac{1}{10}$th of the loan.

B. Conditions neutral or favouring Government :—

1. Loan not to exceed ₹2,000.
2. „ to be in even fifties of rupees.
3. Society to have from its own resources actual capital in hand to an equal amount as the amount to be lent by Government.
4. Government may recover their loan by summary-procedure.

As regards B 3, it must be said that the said capital need only be booked for 5 years, which would, however, ordinarily affect "deposits" only, not "shares" or "subscriptions".

4. Now, the reasons leading to these conditions may be disposed of by concluding them in the desire of Government—

(*a*) not to patronize or demoralize societies, yet
(*b*) to give an earnest of Government's interest therein; and
(*c*) to call forth an earnest of the people's interest; and
(*d*) to encourage habits of thrift and the principles of self-help; and withal
(*e*) to meet a real need, principle or no!

All the conditions under *A* above may be referred here to (*b*). Conditions B 1, 2 and 4 may not unfairly be concluded under (*a*). Condition B 3 is the result of (*c*) and (*d*), and is the chief bone of contention.

5. Some would insist that Government should not lend at all, but the need is too obvious, principle or no! And the safest opinion no doubt is that the test of co-operation should be in the working, and the working of a Credit Society necessitates capital, and capital is capital whencesoever it may come.

Nor does it seem a matter for great comment that Government should prove a kindlier master than the ordinary money-lender? Is the savkar to teach the Sarkar sympathy! Let him that has the means communicate to the needy, and *Honi soit qui mal y pense.*

6. In practice a Government may have to be ready to stand or fall by what it does and is, rather than by what it means and intends. Government servants then must be ready to see things as they look to outsiders as well as knowing things as they are within.

In this case we have two conditions (*viz.*, 3 and 4) which may be looked on as removing Government loans entirely from the sphere of the ordinary business and law of co-operation. B 3 may be said to violate the principle of "money for credit" as opposed to that of "cash for cash"; while B 4 appears in direct opposition to the principle enforced by Government itself in proclaiming the brotherhood of mankind in the eyes of co-operation, and the efficacy of that brotherhood to recover all dues. On the strength of such a principle poor struggling societies are denied, not Government help, but Government help in an expeditious form. But this is a matter outside the present note, which is intended to deal only with condition B 3.

7. The exact wording of condition B 3 may be given as :—

> "The amount advanced to a society shall not exceed the amount of capital subscribed (and actually paid up) or deposited by the members which is not repayable by the society within five years from the date of subscription or deposit."

The question of limit to Rs. 2,000 (condition B 1) need not be touched on here; it may have an importance of its own, but not directly in connection with condition B 3.

8. Now, quite apart from the apparent inconsistency (nor is consistency by any means an unmixed blessing) of a qualification that refuses a loan on credit to a Credit Society, it has been said of the United Provinces, and may be well said of Bombay, that the conditions have worked well. In a word, condition B 3 (with its intentions) is justified by its children.

9. But what if the children are all of one class, or in one class? Are there no other children, equally true-born, whose birth might result from less hampered conditions but more discretion? It might even be said that children of pure credit would be truer to their name and more intense in their appreciation of and love for co-operation.

Is Government, who has done so much to meet simple needs, to be backward in meeting simpler ones? Or is it to be said that Government help is in inverse proportion to the need? The more needy the people, the less Government will help them?

Some would say, let us have no idle period free from interest and instalments, let us not have a rate of interest so alluring, but let us have the money to lend wherever it is genuinely needed. And surely it is needed most where there is no money to begin with.

But who is to determine this genuineness, who to distinguish between the company of persons who should get nothing unless they show appreciation of the principles of savings and deposits, thrift and self-help, and the company of those poor but promising brothers in affliction, for whom par excellence co-operative credit is preached? The Government Registrar of Co-operative Credit Societies is at present little more than an account officer in the matter of Government loans to his societies. The more experience he gains the more he may distinguish cases, but he cannot modify terms; and the people he would encourage most may be the people he could help least.

No one surely contends that the principles contained in the present conditions are absolutely right, and not merely relatively convenient. And it is this distinction or relation that is so important a principle in co-operation, so closely connected with the personal equation, so fatally missed when left outside.

Appendix 7.

Note on "Concession of Remittance Transfer Receipts at par."

The Government of India have (in their No. 1390-174-2 of 18th August 1906 to the Government of Madras) allowed remittances between societies registered under Act X of 1904 to be made by, Remittance Transfer Receipts *at par*.

2. The same concession has been extended to Bombay; and probably, it is thought, elsewhere also.

3. The question is whether the present Account law should be modified, or the Government of India's sanction requested, to a special procedure by which the concession may be more conveniently made use of by village societies.

4. As things stand, Remittance Transfer Receipts can only be issued and cashed by and at *Huzur* Treasuries, that is to say, speaking generally, for the Bombay Presidency, from and to the Capital of a District.

5. There is a possible procedure (not very intelligible to the uninitiate) by which the use of Remittance Transfer Receipts for village societies may be facilitated without further sanction or change. The following describes it:—

> The representatives of a village society go to their taluka town, pay in money, and ask for a Remittance Transfer Receipt. The Sub-treasury officer gives a receipt for the money, and includes the amount in his daily-sheet to the Huzur with a request for a Remittance Transfer Receipt. In due time the Huzur sends; and the villagers, warned accordingly, come again to get the document. They receive and despatch it to the other society (also a village one, say). The recipient society takes the Remittance Transfer Receipt to its taluka town; but has to wait for the cash till the Sub-treasury has forwarded the paper to the Huzur and received back a Cash-order for the amount. Whenever that comes the villagers have again to be present at the Sub-treasury to receive their money.

6. Thus, both the sending and the receiving society has to go *twice* to its taluka town or Sub-treasury; and the second time either after the delay of being specially called, or to wait the pleasure (or exigencies of work) of a subordinate and superior account-office, bound up may be in delays or red-tape, and accessible possibly to the fluctuations of preferences.

The sanction now suggested is that by which both issue and receipts may be possible at a *Sub-treasury* as well as Huzur.

7. The point may seem small and unimportant; but two things must be remembered:—

1. Every delay means "interest" paid (by the borrower) on a sum which is doing good to no one.
2. Every journey means possible expense and considerable trouble to those concerned.

Some societies may, of course, be conveniently situated as regards the Treasury; but others, are not. And the life of each society is the life of an individual; and valuable like that of a man's.

Loss of "interest" may be light and unnoticed; but the expense and trouble of a journey are both obvious and discouraging, especially to those most in need of encouragement.

Of course, it may be said the concession is only for those to whom it is a concession. That is true; and the only point of this note is to raise the question whether an effort should be made to widen the concession's sphere of benevolence. At present it is likely that the larger and richer societies will reap the benefit of the concession while their unostentatious clients suffer unobserved.

Perhaps reduced postal rates would be more in keeping with village intelligence.

Anyhow, let us beware lest a so-called concession become a snare.

C. S. CAMPBELL,

Registrar, Co-operative Credit Societies, Bombay.

Appendix 8.

Note by Mr. Gourlay on several miscellaneous matters to be dealt with at the Conference.

Number of members.

I do not think that any limitation should be placed upon the number of members of a society; this should be left to the members themselves to decide. If they think that a man is suitable to be elected, that is sufficient; the number of members will usually depend on the nature of the bond which holds the community together. In village societies where liability is unlimited the number of members will as a rule be small, seldom exceeding 50 or 60 (corresponding to a population of 300 to 400 as each member will probably represent a household of 5 or 6); where the bond is religious, tribal or industrial, the number of members will often be much larger.

In Bengal, however, except in the two Christian societies where the number of members exceeds a hundred, we have no experience of class societies.

Where the liability is limited and the society is situated in a town, it is but natural that the numbers should be much larger for the society will appeal to a larger community.

I do not think, therefore, that any attempt should be made to restrict the membership of the society by rules and regulations.

Question of area.

The question of the area of a society's operations depends altogether on the nature of the liability involved. If the liability is unlimited the members will only elect those whom they see every day, and in whose character they have the utmost confidence; such members will as a rule reside within a very small area. The dangers of admitting a member who lives at a distance are usually apparent, but to prevent mistakes at the beginning of the society's career it is, I think, desirable to limit the area as far as possible. The Act uses the words "residing in the same town or village or in the same group of villages," but the village itself is in no way defined. This, I think, is sufficiently elastic for all practical purposes. In Bengal the societies, with two exceptions, are strictly confined to one revenue survey mouza and often to one hamlet within a mouza. The two exceptions are in Orissa where the members are drawn from the group of villages over which the sarbarakar has influence; but even there as the liability is unlimited and there is no special procedure for the recovery of debts, the tendency is to exclude all members residing at a distance.

Class of people.

In Bengal the great majority of the societies are composed of members who belong to the poorest classes of tenants. In Bettiah and Hazaribagh Circles, there are also a few landless labourers. In the Midnapur Circle, some of the members are of a higher grade, but in the whole province there are very few members who do not require to borrow money for their annual needs. In one case in Monghyr there are two societies in the same village—one composed of the purely cultivating castes, and the other composed of higher castes.

Class or Tribal Banks.

As I have said above, there are only two class Banks in Bengal, and these are founded on the credit which the members have with the Christian communities at Purulia and Pokuria in Manbhum; the reason for the existence of these societies is that the individual members have a greater credit within the Christian community than they have in their villages. In other cases I have always found that an individual's credit within his own village was much greater than his credit within his caste, and I believe our societies ought to be founded on credit based on a character for honesty and not upon the ability of an organisation to enforce payment.

The question of regimental societies is one of great interest, but we have had no experience on this subject in Bengal.

I append a note written some time ago for the Adjutant of the 7th D. C. O. Rajputs:—

"I would let each company run its own society and be entirely distinct from its neighbours. The character for honesty which a man has will be greatest in his company, and consequently his great credit will be greater there than anywhere else. The credit should therefore be organised in companies. The men will take more interest in it, and the work in connection with the regiment will be spread over some eight small committees of the men instead of being entrusted to one large unwieldy committee made up of delegates from the different companies. Let the men, too, elect the members of the committee from among themselves. Two British officers and the senior native officer might be appointed as "Supervisors" in each company to go over the accounts once a quarter and see that all is in order and up to date. The real management of the lending to the men, however, should be left to the men themselves. They know what the applicant's credit is, they know what his needs are, and they know when he can repay. When you are speaking to them I would recommend your taking each company separately, and you would soon see then which men in each company had taken up the idea; and once you get the principles of the scheme into the head of one of the men, he will explain to the others far better than we ever can. If some of the companies don't take to it, don't force them; let the one which does appreciate it try first, and you will find the rest running round you with applications to be let in within threemonths.

All this deals only with the company societies. You must have a different organisation for the Central Regimental Bank which is going to finance these. I will sketch roughly what I think the scheme should be, and if you agree will later work out details for you.

The Central Bank should consist of two bodies: 1, a committee of the officers of the Regiment, and 2, a committee formed by delegates from each of the company societies (one delegate from each society would probably be sufficient). You will yourself know which of the officers should be the *ex-officio* President of this committee. This joint committee would look after the administration of the funds to be lent by the regiment to the men. The committee (or Central Bank as we will call it) would only deal with company societies and never with individuals.

The delegate would state the needs of his society, the Central Bank would consider the security offered by the company society in the way of shares subscribed for, and if satisfied would hand over the required amount to the society fixing the conditions as to interest and re-payment. The society alone would be responsible for loans made by it to individuals. The Central Bank would have the power to call for the books of any society at any time, and to call upon the chairman and committee of the company society or the supervisors to explain anything connected with the management of the company society.

I would recommend that in all cases the Central Bank charge at least 6 per cent. on all loans made to company societies; if the officers do not want interest on their money, the whole of the profits of the Central Bank could be placed in a Fund (called the Reserve Fund) which will in time be sufficient to finance the Central Bank without assistance from the officers. I would also recommend that the company societies lend their money at 9$\frac{3}{8}$ per cent. (one and a half annas per rupee per year)".

Entrance Fees.

I do not attach any great importance to the amount of an entrance fee. So far as my experience goes there are only two points to be considered, first, it is well that a small fee should be charged to discriminate between those who are members and those who are not, and second, it is necessary to see that there is a sufficient fund to start with from which to meet the small incidental expenses of stamps, stationery, etc.; a fee of four annas per member has been found sufficient for this purpose.

Loans by non-members.

The Act (section 9) lays down that a society may receive deposits from the members without restriction, but it may borrow from persons who are not members only to such extent and under such conditions as may be provided by its bye-laws and rules made under the Act. This section covers both loans and deposits from non-members. Up to the present in Bengal we have been in the habit of issuing orders permitting a society to borrow a certain sum from a specified individual, but I think it would be better to permit societies to receive deposits from non-members without specification of name up to a certain amount. The Midnapore societies have succeeded in attracting local capital from non-members, but in almost all other cases the non-member has been either a zemindar or a financier without any knowledge of the society.

Rates of interest of money-lenders.

It is my intention during the coming year to collect the materials for a survey of the rates of interest prevailing in each district in Bengal from enquiries made by selected officers in the different districts and sub-divisions from the returns of the Registry offices and possibly also from the Civil Court Records. At present, however, I have nothing to go upon except enquiries in the neighbourhood of the societies which exist: these show that the least rate at which the agriculturist can borrow sums of less than a hundred rupees is 18¾ per cent., one pice per rupee per month, and this rate prevails only in the district of Saran. From this district a large number of the police force is recruited and a large number of the peons and durwans, both of this Province and of the Eastern Province, also, large number of cultivators go every year to the Eastern Province to cut paddy, etc. These classes send back to their homes considerable sums of money every month and the money order return of Saran is a very remarkable one. The result is that there are families in almost every village who are willing to lend money to their neighbours, and this competition has lowered the rate of interest. At present we have not been able to collect this local capital into societies, but I hope in time this will be possible. The ordinary rate of interest in other districts of North Behar is sawai, or 25 per cent. per annum, and in most cases a commission of one anna per rupee is charged, bringing the interest up to something like 31¼ per cent. I believe that the prevailing rate of interest is similar in South Behar and in the regulation districts of Bhagalpur. In the jute area to the east of Purneah, however, the interest taken in kind is much higher. In Darjeeling and Santhal Parganas I have not sufficient data to go upon, but I have frequently come across instances of 75 per cent.; in the Santhal Parganas interest of more than 12 per cent. per annum cannot be recovered through the Courts, and in no case can a sum larger than the principal be recovered as interest. In the Presidency Division the usual rate of interest is 25 per cent. with or without commission. In Orissa, so far as my information goes, it is the same, but very high rates are met with in the Gurjat States. In the Chota Nagpur Districts (more removed from the railways) the ordinary rate is 75 per cent. and a 15 per cent. is by no means uncommon.

I append a note on the rates of interest prevalent in the jute district of Mymensingh compiled from detailed enquiries made there in September and October.

Note on interest charged by money-lenders in a jute district.

In their dealings with the money-lenders the raiyats are divided into two great classes, those who deal direct with the lender in the large bazaars and those who deal with the village money-lender and itinerant bepari. The tendency is for the Sirkari raiyat to deal direct and for the jotdari to deal with the local man, but this is not always the case, and often raiyats deal both directly and through the money-lender. Those who deal direct are divided into regular customers and casual borrowers. The raiyat does not deal exclusively with one money-lender, in many cases one raiyat owes money to the village money-lenders, to a bepari and to several mahajans at the same time. There must be some clearing house system for exchange of information amongst the money-lenders before this can be possible, but my endeavours to collect any information on this point failed.

The rate which the village money-lender charges is two pice, 37½ per cent., and the bazaar money-lender charges the same to his regular customers. In Falgun when money is necessary to every jute cultivator and in consequence is scarce the money-lenders as a rule refuse to give loans except on a promise to deliver jute in some form or another. The village money-lender is unable to get any more capital and the raiyat is forced to go direct to the bazaar to beg an advance from the bazaar money-lender. The rates are doubled on the plea that the raiyat is a casual borrower unknown to the mahajan, and as the raiyat must have the money if he is to save his crop he is willing to agree to any terms as to interest and subsequent delivery of jute. Hence the anomaly of two men from the same village with equal security borrowing similar amounts, the one at 2 pice and the other 4 pice per rupee per mensem.

From Falgun to Bhadro (say April to July) the raiyats enter into contracts which in nine cases out of ten rob them of the whole of the profits from their jute crop. They are improvident to the most incredible extent; no provision is made beforehand to finance the weeding, cutting and preparation of the jute crop, and they are willing to throw away the whole of the profits for the sake of the cash advance at the moment.

I drew up a statement of the rates of interest payable in 327 individual cases inquired into. The total indebtedness of the 135 families concerned amounted to ₹23,452, an average of ₹173·7 per family. Of this sum 55 per cent. was borrowed at two pice or 37½ per cent. (or rather 40 per cent. when the compounding of interest every six months is taken into account); of the balance 17 per cent. was borrowed at rates varying from ₹42 to 131½, while only 20 per cent. is at rates below 18 per cent. per annum.

The rates of interest may be divided into the following classes: (1) rates calculated at so much per hundred rupees per mensem usually on loans granted by large money-lenders or merchants, (2) rates calculated at so much per rupee per month usually on loans by small money-lenders and local men, (3) money lent as "hawlati" nominally without interest, (4) rates of interest calculated in jute, and (5) the system where no interest is charged but a contract is entered into to deliver jute either at a fixed rate or at a rate 4 annas to ₹1 below the market rate.

Loans on which rates of so much per ₹100 per mensem are charged for the most part are large and are secured by a first mortgage over the raiyat's land. The rates met with were ₹1-7, 1-8, 2, 2-4, 2-8, 2-10, 2-12, 3, 3-8, 4 per 100 per mensem, corresponding to rates varying from 17½ per cent. to 48 per cent. per annum, but there was only one loan of ₹120 at ₹1-7, and one loan of ₹240 at ₹1-8. The most of this money is borrowed at 24 and 30 per cent.

The rates of interest calculated on the rupee per month met with were 2 pice, 2½ pice, 3 pice, 3½ pice, 4 pice, 5 pice, 6 pice, 7 pice, corresponding to rates varying from 37½ per cent. to 131½ per cent. Loans of this class are compounded at the end of every six months so that it would be more correct to say that the rates vary from 40 to 175 per cent. Rates of 5 pice, 6 pice, and 7 pice are not common, but are known in almost every village; rates of 3 pice and 4 pice are fairly common, but 37½ per cent or 2 pice per rupee per month is the regular rate. As I have said above, 55 per cent. of the total borrowing is done at this rate, while 6 per cent. is at 3 pice and 6 per cent. at 4 pice. It may be said therefore that the value of credit in this part of the district is two pice per rupee per month compounded half-yearly, corresponding to about 40 per cent. per annum. The higher rates are usually on loans contracted originally for a short period and those shown in the statistics are cases where the borrower through bad seasons or other misfortunes has been unable to pay off the debt when he expected; "hawlati" loans are made between villagers or between relations, usually for a short period of one or two months. Between relations if the loan is for a very short period interest is not charged, but in other cases a present calculated at two pice per rupee per mensem is given at the time the loan is returned. It is thus that the Muhammadans are enabled to keep within the letter of their law against usury. But I have seen cases in which a money-lender gave "hawlats" free of interest for one month, but bearing penal interest at 4 pice per rupee or 75 per cent. per annum, a snare to attract the unwary.

The interest collected in kind is also attributed to the Muhammadans, but the beparies and mahajans found that it paid so much better than interest in cash that the system has been adopted widely. The season when these loans are made is, as I have said, about April to July (corresponding roughly to Falgun to Bhadro), the time when the raiyats' need is greatest. The jute crop may be assured, but he must have money to harvest it. Under the "dharti" system the raiyat contracts to pay from half a seer to two and a half seers per rupee per month. With jute at ₹8 per maund the first of these rates works out to about 125 per cent. per annum and the 2½ seer rate works out to 625 per cent. The rates commonly met with are one seer and one and a half seers, corresponding to rates of 250 and 375 per cent. per annum. The statistics show but few of these loans, for the majority had been repaid before the

inquiry commenced, but there are few families which do not borrow some money either on this system or on the "Patthi" and "Kaum-Besh" systems explained below.

Under the "Kaum-Besh" system the raiyat contracts to repay the principal lent by delivering jute at from 4 annas to ₹1 below the market rate. No interest is charged as a rule on the advance. The Marwaries and beparies deal largely in this manner, and the system is more advantageous to the raiyat than any other. With jute at ₹8 per maund a raiyat borrowing ₹7-12 would repay in kind ₹8 (if the "Kaum-Besh" rate be 4 annas) which works out to a rate of $3\frac{1}{4}$ per cent. or (if the loan be for three months) between 12 and 13 per cent. per annum. Similarly one rupee "Kaum-Besh" works out to about 50 per cent. per annum.

The most iniquitous of all systems is called "patthi"; under this the raiyat binds himself to pay the principal in jute at a rate fixed at the time of borrowing, usually ₹2 or ₹4 per maund. In one case I met with a raiyat who borrowed ₹7 and repaid $2\frac{1}{2}$ maunds of jute three months later. For the accommodation of ₹7 therefore he gave value in kind of ₹20, which works out to a rate of 744 per cent. per annum. This was an exceptional case, the usual "patthi" rate is ₹4, working out to 400 per cent. per annum, so that "patthi" at ₹4 corresponds to "dharti" at one and a half seers.

The mahajans prefer the "dharti" system to the "patthi". Under the former their interest goes on accumulating if the borrower fails to pay; under the latter the rate is fixed and the chances of realisation are smaller.

In several cases bonds were met with which contained a contract to pay interest at a high rate where it was admitted there was a verbal agreement that interest would be accepted at a lower rate. The object of this is to get the raiyat into the lender's power, for if he should default the lender would sue him on the written bond and the Court would refuse to listen to the plea that interest had been paid in full according to the verbal agreement. The most notable cases of this (and cases which drew my attention to the system) were in the village named Kolkihara. Two raiyats had taken loans of ₹100 and ₹200, agreeing to pay 50 and 100 maunds of jute respectively. The raiyats had very little land and there was no prospect of their ever being in a position to carry out the contract. When I inquired I was informed that the rate actually paid was 2 pice per rupee per month and that the mahajan held the bond over the raiyat so that if necessary he could at any time sue him for the jute. Once attention had been drawn to the system I found several cases where 6 and 8 pice were entered in the bond, but the rate agreed upon verbally was 2 pice. Such contracts are peculiarly bad for they bind the raiyat over at once to the mahajan.

Very few documents are registered, the great bulk of the lending is done on note of hand. Roughly I should say that the registered mortgages do not represent more than 5 per cent. of the indebtedness. The raiyat has no idea of business. I have seen documents where a raiyat borrowed money in Falgun at 4 pice and later on when money was more plentiful obtained another loan at 2 pice, but it never occurred to him that he might borrow at 2 pice to repay a loan at 4 pice.

Penal interest.

The subject of penal interest has never arisen. Penalties are not collected, they are most unpopular when enforced by mahajans, and I would not recommend their adoption by our societies. If it is necessary to grant the renewal of a loan this should be done without penal clauses, and if a member does not pay when he can, the best course is to expel him.

Expulsion of unsatisfactory members.

There have been very few cases of expulsion. When the liability is unlimited, the first list of members is made with great care.

Dissemination of information.

The usual means adopted in other countries for the dissemination of information are :—

1. Distribution of Pamphlets.
2. Lectures by travelling lecturers.
3. Publication of manuals.
4. Conferences or Congresses.
5. The press.

1. I think it is most desirable that the Registrars should communicate with each other with a view to drawing up suitable pamphlets. The groundwork of a pamphlet in English setting forth the benefit of co-operation ought to be the same in every province for there are certain fundamental principles upon which we are all agreed.

Pamphlets would be useful in spreading knowledge of what we are doing amongst the educated people in India ; at the same time I think we should be most careful in distributing literature amongst the uneducated. We have not yet solved the problem of Co-operative Credit in India, and we are not in a position to extend its benefits to all and sundry. It is one thing to start successful societies, but it is another to organise these societies in such a way as to ensure a proper control over their financial transactions. This is the problem which we have still to solve, and until we have done so it would be dangerous to raise hopes in the minds of the cultivators which we are not in a position to fulfil. It is necessary to have papers both in English and in the vernacular to give to those who show an interest in the movement and to give to each member in the village where it is proposed to found a society, but to distribute tracts broad-cast would at present serve no useful purpose.

2. In Bengal we have not yet got men to assist us; and I think that it is possible that much more use might be made of the Agriculture Department in this respect. I propose to try and train the different Agriculture Inspectors in this province during the coming year.

We certainly want more men to explain the principle not necessarily to new villages, but to the members of new societies. The lead given us by Bombay and the Punjab in the appointment, of Honorary Organisers is the greatest advance that we have made in this direction, but here again we must be careful not to raise hopes which cannot be fulfilled.

3. I believe that the publication of a suitable manual of instructions for forming societies with limited liability (and with unlimited liability) would be most useful, and I think that the editing might be entrusted to the permanent Secretary. Each of the Registrars will be able to communicate his views on the subject and the Secretary would circulate these to the other members of the conference. At the same time I think we might make an advance by drawing a skeleton for the guidance of the Secretary. We should aim at drawing up a volume which would enable Honorary Organisers to keep upon the right lines without continual references to the Registrar. The volume would lay down the principles which we believe must be followed in all cases, suggestions drawn from the experience gained in the different provinces, a copy of the Act and of all rules published thereunder and models of the bye-laws used in different provinces.

4. On the continent it is the custom to summon conferences of delegates from all the societies, and I think that it would be of great benefit to us if we extended our conferences beyond Registrars. I would suggest that Honorary Organisers be invited to attend and in the meantime that the Government pay their travelling expenses, and I would suggest further that Registrars be permitted to invite others who could render us help in this matter. The cost to the Government would not be very great and the stimulus which the invitation would give to the work of Honorary Organisers would be very great indeed.

Remittance Transfer Receipts.

The concessions given by the Government that transfer receipts should be issued to societies at par has not been of any value in Bengal. At present

the societies have practically no occasion to remit money, if they had, the sums would be so small that it would be easier to pay the Post Office commission on money orders than to go to the nearest Treasury and encounter the difficulties connected with obtaining such a receipt.

Proposals for the Manual.

PART I.

The Co-operative Credit Societies Act (being Act X of 1904) with a commentary (on the lines of Mr. Hope Simpson's work). Rules published under the Act.

PART II.

An account of what has already been done in the different provinces of India and a short history of the movement in India, with some general statistics, for each province for limited liability, unlimited liability and special societies.

PART III.

Instructions for organisers.

Literature available on the subject in English and the vernaculars:
(*a*) European publications, (*b*) publications of the different provinces.
Practical instructions for all provinces.
Practical instructions suitable to the needs of different provinces.
Instructions for book-keeping, auditing and the preparation of the balance sheets.
Instructions of the Government of India for drawing up the Annual Reports of the different provinces.
Model by-laws for credit societies with limited liability.
Model by-laws for societies with unlimited liability.
Model by-laws for special societies such as weaving societies, etc.
Model by-laws for productive and distributive societies.
Model by-laws for grain societies.
Model by-laws for Central Unions.

PART IV.

Problems still to be solved. Miscellaneous.
A list of the Registrars with their postal and telegraphic addresses.
A list of Honorary Organizers with their addresses.

To this might be added the publication of a Co-operative Annual containing articles published during the year and worthy of being preserved and other information of value to those interested in the movement.

I would suggest that a sub-committee be appointed to draw up a skeleton on these or on other lines and that an Editor be appointed, both for the Manual and for the Annual, and that the sub-committee draw up for the approval of the conference instructions for the guidance of the Editor. The Manual would then be drafted and submitted to the Registrars and others for approval and would be finally passed at the next conference. The Annual might be published after the conference each year and might contain an account of the conference.

G. I. C. P. O.—No. 1959 R. & A.—20-2-1908.—1100—

Co-operative Credit Societies.

Proceedings of the second conference of Registrars of Co-operative Credit Societies held at Calcutta in November 1907.

No. 5228.

REVENUE DEPARTMENT.

Bombay Castle, 26th May 1908.

Circular letter from the Government of India, Department of Revenue and Agriculture (Land Revenue), No. 3—188-2, dated 25th March 1908 :—

"I am directed to forward, for the information of His Excellency the Governor in Council, copies of the proceedings of the second conference of Registrars of Co-operative Credit Societies which assembled in Calcutta in November last, together with a copy of a Resolution* which has been recorded on the administration of the Co-operative Credit Societies Act during the 15 months ending 30th June 1907. I am also to convey the following remarks of the Government of India on the points which require notice in the proceedings of the conference.

"2. *Paragraph 13 of the conference proceedings.*—I am to request that, with the permission of His Excellency the Governor in Council, information may as far as possible be collected as to the rates of interest at which agriculturists are at present able to borrow money from money-lenders, and that the subject may be dealt with in the next annual report. As stated in paragraph 4 of the Resolution, the Government of India are inclined to think that in some provinces the societies are endeavouring to issue loans too cheaply, and that this prevents them from being able to attract outside capital on business terms.

"3. *Paragraph 18 of the conference proceedings.*—I am to ask that the definition of profits given in the note printed as Appendix 2 to the conference proceedings may, if His Excellency the Governor in Council has no objection, be adopted for working purposes.

"4. *Paragraph 20 of the conference proceedings.*—The Government of India have accepted the proposals of the conference regarding the modification of the statements to be appended to the annual reports. Specimens of the revised statements are enclosed, and I am to ask that these forms may be used in preparing the reports for the current and future years. I am also to invite attention to the recommendation contained in paragraph 8 of the report of the Sub-Committee appointed to consider the annual report and statements (printed as Appendix 3 to the conference proceedings) and to express the hope that in view of the trouble caused to societies in the preparation of these returns, it may be found possible to dispense with all statistics other than those now prescribed.

"5. *Paragraph 21 of the conference proceedings.*—With regard to the proposal that the concession of Government loans to be made against an equal amount of deposits made by the members should be extended to urban societies, I am to observe that as explained in paragraph 11 of the Resolution No. 1—63-3†, dated the 29th April 1904, the restriction of this concession to rural societies was made in view of the fact that the Co-operative Credit Societies Act was passed with the special object of assisting agricultural credit, which presents a more important and difficult problem than does industrial credit. If, however, any local Government is of opinion that the grant of Government loans to urban societies is desirable, the Government of India will be prepared to consider its proposals.

"6. I am also to commend to the consideration of His Excellency the Governor in Council the proposals contained in paragraph 19 of the conference proceedings regarding the dissemination of information about the co-operative movement through agricultural journals and the press; and also the suggestion in paragraph 26 that each Registrar should adopt an abbreviated telegraphic address.

"7. The Government of India consider that the practical results achieved by the conference, together with the opportunity which it gives to the Registrars of interchanging ideas and experiences, fully justify its institution, and they hope that local Governments will agree that it should be continued. Objection has been taken to the meeting being held in November, on the ground that this interferes with the cold weather touring of the Registrars; and I am to suggest that, if His Excellency the Governor in Council has no objection, the next conference should be held in Simla on a date in October to be fixed later. In that case it would be convenient if each Registrar would send an advance copy of his report to the other Registrars and to this Department before the end of September."

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* Copy appended.

† *Vide* Government Resolution No. 4073, dated 30th May 1904.

RESOLUTION.—Copies of the letter from the Government of India and of its accompaniments should be forwarded to the Commissioner in Sind, the Commissioners, N., C. and S. Divisions, the Director of Agriculture and of Co-operative Credit Societies, all Collectors including the Collectors and Deputy Commissioners in Sind, the Registrar of Co-operative Credit Societies, the Superintendent of Land Records and Registration in Sind and the Accountant General, for information.

2. The attention of the Registrar should be invited to paragraph 2 of the letter from the Government of India, and he should be requested to collect information as to the rates of interest at which agriculturists are at present able to borrow money from money-lenders in the Bombay Presidency, and to embody it in his next Annual Report.

3. The Registrar should be requested to carry out the instructions contained in paragraphs 3, 4 and 6 of the letter from the Government of India.

4. With reference to paragraph 5 of the letter, it is observed that the rules framed by this Government contemplate the grant by the Registrar of Government loans to urban societies with unlimited liability, as well as the grant of such loans to urban societies with limited liability, only under special circumstances and with the special sanction of Government. The circumstances in which these rules were framed in this Presidency should be explained to the Government of India, and that Government should be requested to authorize the grant of loans to urban societies as contemplated in the rules.

5. The Government of India should be informed that the Governor in Council concurs in the view expressed in paragraph 7 of their letter, that the annual conference of Registrars should be continued and that it should be held in October. The Registrar should be requested to arrange for the supply of copies of his annual report to the Registrars of other Provinces and for the submission of an advance copy of it to this Government for transmission to the Government of India, before the end of September.

J. [redacted] C. JUKES,
Under Secretary to Government.

To

The Commissioner in Sind,
The Commissioner, N. D.,
The Commissioner, C. D.,
The Commissioner, S. D.,
All Collectors, including the Collectors and Deputy Commissioners in Sind,
The Director of Agriculture and of Co-operative Credit Societies,
The Registrar of Co-operative Credit Societies,
The Superintendent of Land Records and Registration in Sind,
The Colonization Officer, Jámráo Canal,
The Judicial Department of the Secretariat,
The Political Department of the Secretariat,
The Accountant General,
The Financial Department of the Secretariat.

} With copies of the proceedings and their appendices.

The Government of India (by letter No. 5229*, dated 26th May 1908).

* Copy appended.

No. of 1908.

Copy forwarded for information and guidance to

REVENUE DEPARTMENT.

Bombay Castle, 31st March 1908.

No. 3344.—The following resolution of the Government of India is republished :—

"DEPARTMENT OF REVENUE AND AGRICULTURE.

LAND REVENUE.

Administration of the Co-operative Credit Societies Act (Act X of 1904), during the fifteen months ending 30th June 1907.

No. 2—188-1, dated Calcutta, the 25th March 1908.

Read—

The reports received from Local Governments on the administration of the Co-operative Credit Societies Act (Act X of 1904), during the fifteen months ending 30th June 1907.

The proceedings of the conference of Registrars of Co-operative Credit Societies held in Calcutta on the 18th November 1907 and following days.

RESOLUTION.

After the passing of the Co-operative Credit Societies Act in March 1904, a Registrar was appointed in each province to carry out the formal duties imposed upon that officer by the Act and to foster in every possible way the growth of the co-operative movement in India. In the instructions issued by the Government of India after the passing of the Act, stress was laid on the necessity of reducing restrictions to a minimum, so that the people might be encouraged (subject to certain necessary safeguards) to work out the problem on their own lines with such guidance and help as could be given to them. Local Governments were invited to select a few districts in each province in which the experiment might be most hopefully tried, and it was pointed out that it would be advisable to start cautiously and to progress gradually, since the principle of co-operation might be fatally discredited by a series of failures, whereas a few really successful results would encourage imitation and set an example which would quickly spread.

2. On the 31st March 1905, thirty-five rural and six urban societies with a capital of Rs. 54,128 had been registered under the Act, but there were also, especially in the United Provinces, a considerable number of societies at work that had not been formally registered. A year later the Registrars were supervising the work of 490 societies, but of these over 200 were either not working actively or had not been registered under the Act. The total number of active societies registered under the Act on the 31st March 1906 was 283, of which 9 were central societies, 37 were urban societies and 237 were rural societies. They had a membership of 28,629 and a working capital of Rs. 4,73,219. In accordance with the recommendation of the first conference of Registrars which was held in September 1906, the 30th June was fixed as the end of the Co-operative Credit Societies' year and the reports and returns now submitted accordingly cover a period of fifteen months. The following table compares the statistics of registered societies on the 30th June 1907 and on the 31st March 1906 :—

	31st March 1906.	30th June 1907.
Number of Societies.		
Central	9	14
Urban	37	89
Rural	237	743
Total ...	283	846
Number of members	28,629	91,343
Capital.	Rs.	Rs.
Loans from private persons	1,40,539	6,56,092
Share capital	1,31,205	5,55,805
Deposits by members	1,23,925	5,76,025
State aid	70,152	2,84,738
Reserve	7,398	58,598
Total ...	4,73,219	21,31,258
Expenditure.		
Loans repaid to private persons	20,352	1,51,185
Loans issued to members	3,40,440	23,83,971
Purchase of raw material and stores	1,01,313	3,15,679
Profits	*26,559	1,12,614
Total ...	4,88,664	29,63,449

* Profits inclusive of reserve fund.

The expansion of business is very remarkable though it is exaggerated by the omission from the returns of 1906, as now prepared, of societies which were actually working without having been registered. After full allowance is made for this cause however the material progress made has been much greater than was anticipated when the movement started. It is also satisfactory that out of the total capital of over 21 lakhs less than 3 lakhs has been advanced by Government while over 11 lakhs has been advanced by the members themselves as share capital and deposits. The work of the State has been as far as possible confined to the encouragement of societies in their initial stages.

3. Other satisfactory features in the reports are the punctuality with which loans have been repaid and the fact that the purposes to which the money lent has been applied have been almost exclusively productive, although this matter has hitherto been left entirely to the society themselves. It is observed that the Burma Registrar is of opinion that owing to the improvident habits of the cultivators in that country, it would be advisable to lay down a rule restricting the grant of loans to those given for productive purposes, but elsewhere there is no indication that this is necessary or that the increased facilities for borrowing afforded by the societies have led to a misuse of credit and to greater indebtedness.

4. But while the progress made is satisfactory, the movement has so far touched only the fringe of the vast population concerned. The 90,000 members of existing societies represent only a minute fraction of the numbers which must eventually be brought within the scope of the movement, if co-operative credit is to produce any marked effect on the problem of agricultural indebted-

ness in India. It would not be prudent at the present stage to press for too rapid an advance, but it is noticed that the main obstacle to expansion is the failure of the societies to attract outside capital. The deposits made by members are satisfactory so far as they go, but though the large amount of members' deposits obtained in some provinces is remarkable, comparatively little can be expected from this source until the poorer members have benefited sufficiently to be in a position to save. In many places, well-to-do persons have joined the societies from philanthropic motives and their pecuniary contributions together with their personal influence have been of great value. But it would be unsound to depend on assistance of this nature for the establishment of the movement on a widespread and permanent basis, and one of the most important problems to be solved in the immediate future is to obtain for the societies access to the outside money market. Something has already been effected in this direction in Madras, Burma and Bengal, where the rate of interest offered by the societies is higher than elsewhere. It will be impossible to attract outside capital without paying a comparatively high rate of interest and the societies will find it difficult to establish themselves on a permanent basis, unless they attract outside capital on business terms.

5. Another problem raised by the expansion of the movement is the best method of organising and combining societies for the purposes of control. The personal control of the Registrar over individual societies must diminish as they increase in number. In the United Provinces this difficulty is being met with apparent success by the establishment of district banks to which the rural societies are affiliated. Elsewhere local unions of rural societies are being formed. It is becoming recognised that the combination of village societies for the purposes of finance and control is as important as the combination of individuals for the purpose of forming a single society and that the combination of societies is intimately connected with the problem of giving them access to the outside money market. Time and experience alone can show whether the combination of societies can best be effected from above or from below.

6. As regards the question of State aid from Government, the majority of the Registrars consider that the present rules under which Government loans are only made against an equal amount of deposits made by members make adequate provision for the encouragement of societies in their initial stages, and it seems to be advisable that this restriction should continue except in cases where for special reasons it is desirable to form societies which could not comply with this requirement. The concession is at present limited to rural societies and a proposal to extend it to urban societies is being referred to Local Governments for consideration. Several Registrars consider that a special procedure for the recovery of debts due to societies would do much to improve their credit, but the Government of India are inclined to think that there is much force in the argument that there is a danger that the introduction of such a special procedure would lead to less care in the management of the societies, and so far there has been no indication that a special procedure is necessary. On the contrary, the punctuality with which loans have been repaid is one of the most satisfactory features of the movement.

7. In their reports the Registrars deal with the problem of their respective provinces on thoughtful and sympathetic lines, and the interest which they have shown in making themselves acquainted with the principles and procedure which have proved successful in other countries is most satisfactory. Genuine advance has been made everywhere, except in Ajmer and the North-West Frontier Province where the movement has not yet taken root. But the lines on which progress is being made are by no means stereotyped, and provided main principles are not infringed the societies are rightly allowed a large amount of elasticity in their working. The results so far achieved give every reason for the hope that the problem of founding individual credit societies in India will be successfully solved and that the system will take root and spread, while the spirit shown by all who have taken part in the movement is a hopeful augury that the larger questions connected with the combination of individual societies for the purposes of finance and control will in due time be satisfactorily settled. The failure of crops in a large part of the country in the present year will subject the societies to a severe strain, and the result of their working during the period of trial will be looked forward to with special interest. The Government of India desire to associate themselves with the Local Governments in their appreciation of the good work done by the several Registrars and of the valuable assistance received from non-official gentlemen in many provinces.

To the Government of Madras.
" " " Bombay.
" " " Bengal.
" " " the United Provinces.
" " " the Punjab.
" " " Burma.
" " " Eastern Bengal and Assam.
" Honourable the Chief Commissioner, Central Provinces.
" Chief Commissioner, Coorg.
" " " Ajmer.
" Honourable the Chief Commissioner, North-West Frontier Province.

ORDERED, that the above Resolution be communicated to all Local Governments and Administrations and that it be published in the Supplement to the *Gazette of India*.

(Signed) R. W. CARLYLE,
Secretary to the Government of India."

By order of His Excellency the Honourable the Governor in Council,

R. A. LAMB,
Chief Secretary to Government.

No. 5229 of 1908.

REVENUE DEPARTMENT.

Bombay Castle, 26th May 1908.

FROM

THE HON'BLE MR. R. A. LAMB, C.I.E., I.C.S.,
CHIEF SECRETARY TO THE GOVERNMENT OF BOMBAY;

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
DEPARTMENT OF REVENUE AND AGRICULTURE.

SIR,

With reference to your letter No. 3—188-2, dated 25th March 1908, communicating the views of the Government of India on the proceedings of the second conference of Registrars of Co-operative Credit Societies held at Calcutta in November 1907, I am directed to state that the Governor in Council concurs in the suggestions made in paragraphs 2, 3, 4, 6 and 7 of the letter in connection with the working of the Co-operative Credit Societies Act, and to forward a copy of the orders issued by this Government to give effect to them.

2. With reference to the remarks made in paragraph 5 of the letter, concerning the grant of Government loans to urban co-operative credit societies, I am to state that after receipt of the orders contained in the Resolution of the Government of India, No. 1—63-3, dated 29th April 1904, the Registrar of Co-operative Credit Societies in this Presidency submitted draft rules for the grant of advances by Government to Co-operative Credit Societies, which contemplated the grant of such loans to urban as well as rural societies. These rules were approved of by Government in their Resolution No. 3596,* dated 3rd May 1905, after consultation with the Accountant General and the Remembrancer of Legal Affairs. In January 1907 the Registrar submitted certain modifications of these rules, and No. 1 (2) of the rules as modified by him prescribed that loans to urban societies shall be granted only under special circumstances and with the special sanction of Government. In support of this amendment Mr. Campbell observed that it was a question whether the Government of India contemplated advances to urban societies at all, but that it was necessary to have some provision for such societies, as a few societies probably started with a promise of such loans and as some of them were only technically classed as urban. This modification was approved in Government Resolution No. 5461,† dated 28th May 1907. On receipt of a further representation from the Registrar in 1908, the rule 1 (2) referred to was further amended‡ so as to empower him to grant loans to urban societies with unlimited liability and to necessitate the sanction of Government only in the case of urban societies whose liability was limited, and loans have been granted to certain urban societies in accordance with this rule. It appears from paragraph 21 of the proceedings of the conference of 1907 that the Registrars are in favour of extending to such societies the concession of the grant of Government loans. Some urban societies, such as the urban societies of artisans and weavers, though technically so classed for want of the proper proportion of agriculturists among the members, are founded on unlimited liability and are similar in every way to rural societies, and the Governor in Council considers that it is desirable to encourage the establishment of such societies. I am accordingly to request that the Government of India may be moved to authorise this Government (1) to grant loans to urban

* Copy appended.

† Copy appended.

‡ *Vide* Government Resolution No. 2512, dated 9th March 1908 (copy appended).

societies whose liability is limited, and (2) to empower the Registrar to grant loans to such societies with unlimited liability.

3. I am also to invite attention to the correspondence ending with the letter from the Government of India, No. 291—70-2, dated 12th February 1907, raising to one lákh of Rupees the limit upto which advances may be made to Co-operative Credit Societies in this Presidency. Out of this amount Rs. 84,000 were advanced to Co-operative Credit Societies upto March 1908, and the prescribed limit of one lákh will shortly be reached in this Presidency. The Governor in Council does not consider that this movement is sufficiently advanced or that in existing circumstances the resources of the agricultural population are sufficiently abundant to enable the development of the societies to progress without any assistance from Government, and I am to request that the Government of India may be moved to permit this Government to make advances to the societies upto an additional half a lákh of Rupees per annum for, say, the next five years. At the same time the Governor in Council considers it unnecessary to make the advances, at any rate in all cases, free of interest, and proposes to raise the rate of interest on them to 6¼ per cent., which is the rate charged on tagái, subject to special exemptions, to which the Registrar should obtain the sanction of Government.

4. On perusal of the proceedings of the conference of Registrars and of the orders of the Government of India, the Governor in Council desires to represent for the consideration of the Government of India that the procedure adopted by the Supreme Government is not altogether convenient. These conferences seem to be useful, but their conclusions cannot be regarded as a satisfactory basis of instructions or even suggestions to Local Governments by the Government of India, before receiving the views of the former Governments on the proceedings of the conference and before the provincial reviews of the operations of the year have reached the Government of India. In this matter of co-operative credit local conditions and requirements vary enormously, and this Government regards it as open to question whether too much has not been done already in the direction of uniformity by the prescription by the Government of India of general instructions for the whole of India. I am to say that in the opinion of the Governor in Council the widest discretion should be allowed to Local Governments in adopting or rejecting the recommendations of the conferences, whose proceedings should merely be forwarded to them for consideration and such action within their respective powers as they may consider desirable.

I have the honour to be,

Sir,

Your most obedient servant,

R. A. LAMB,

Chief Secretary to Government.

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